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NEWS SUMMARY

GENERAL

Foreign cash limits in Iran

Iran formally announced the introduction of foreign exchange controls in an attempt to take a grip on the country's worsening economic situation.

The military Government also announced that five more civilians had been appointed Ministers, including three who were in the administration which resigned on Sunday.

In addition to the six former Cabinet Ministers arrested on Tuesday, Amir Abass Hoveida, a former Prime Minister, has also been held.

The currency controls will mean the limiting of individual transfers to $20,000 a year. There will be exceptions for students, pilgrims and people going abroad for medical reasons. Page 6 and 22.

Botha's threat

South African Premier P. W. Botha, facing a major crisis over the alleged misuse of public funds warned that new legislation to curb the Press may be introduced.

Sacking row

The sacking of Labour MP Brian Sedgemore as a Parliamentary Private Secretary has led to complaints that the Government is interfering with the rights of individual MPs. Page 10

Synod's verdict

The General Synod of the Church of England has again rejected the admission of women priests. Bishops and laity voted in favour but the House of Clergy voted against.

Strikers defiant

Government workers on strike in Ghana, where a state of emergency was declared on Monday, have defied a return-to-work order by the supreme military council. At least 70,000 workers are said to be involved in 80 different strikes.

Woman arrested

Alvada Kooken, the American secretary wanted in connection with a shooting, is being questioned by police following a citizen's arrest by James Hazan outside a hotel in Kensington, London.

Rome killings

An assistant prosecutor and two of his staff were shot dead with machine guns when their car was forced to halt outside Rome. Fedele Calvosa is the third magistrate murdered this year. Page 2

Airport threat

Portugal may force British Airways to use an isolated semi-military strip instead of Lisbon airport if the UK goes ahead with a scheme to switch the Portuguese state airline from Heathrow to Gatwick. Page 8

Democrats hold

Democrats retained firm control of Congress and most State legislatures in the mid-term elections but the Republicans were also claiming satisfaction with the results. Back and Page 4

More pickets

Some estimates suggest up to 50 per cent of normal bread output is being maintained in spite of the strike, but picketing at several plants is to be stepped up today. Page 18

Briefly . . .

Average cost of a funeral is £200, according to Social Services Ministry.

Police killed a suspected Basque separatist and held four others in a Bilboa gunfight.

More than 200 photographs by Cecil Beaton will be auctioned in New York today.

England's touring cricketers beat a Victoria Country team by 71 runs.

Gynaecologist Patrick Steptoe is to set up the world's first test tube baby clinic near Cambridge.

Teenage actor was jailed for a year in Vitoria, Spain, for mopping his brow with the national flag in a political satire.

BUSINESS

Gold up $8½ in two days; Gilts rally

● GOLD rose $3 to $219¼ in active trading in London. Bullion has risen $8½ in two days. In New York the Comex November settlement price was $217.30 ($212.20).

● EQUITIES started in an unsettled mood but by the close the FT-Ordinary index had put on 4.9 to 474.44. In Tokyo, active trading pushed the Nikkei-Dow Jones index up 14.01 to a new peak of 5,957.94. The Hong Kong market's recent sharp retreat quickened as the Hang Seng index fell 28.38 to 600.38.

● GILTS closed at their best, with longs up ¼ and shorts up ⅛. The Government Securities index rose 0.25 to 68.63.

● STERLING rose 25 points to $1.9750, but its trade-weighted index fell to 62.2 (62.6). The dollar's depreciation widened to 10.1 per cent (9.6 on Monday).

● WALL STREET closed 7.54 up at 807.61 on bargain hunting.

● LONDON Enterprise Agency is to be set up to help small businesses in inner London, as part of the Government's campaign to encourage large companies to help smaller ones. Back Page

● BRITISH GAS Council is arranging a large issue in the U.S. commercial paper market. Back and Page 27

● BL CARS strikers at its components plant at Drews Lane have been told by their local AUEW committee to return to work. The strike has already led to 17,000 Austin-Morris workers being laid off and up to 30,000 would be idle by tomorrow if the 3,500 strikers do not go back. Page 18

● TEXACO, Gulf and ICI are withdrawing all petrol sales subsidies from their filling stations, following similar moves by Mobil, BP and Total. Petrol prices are expected to rise by up to 5p a gallon. Page 9

● SOHIO, BP's subsidiary in the U.S., has won support from voters in Long Beach, California for an oil terminal to enable Sohio to transport oil from Alaska. Back Page.

● ASSOCIATED DAIRIES, the northern supermarket group, is holding talks with Allied Retailers which could lead to a £30m bid. Back Page, News Analysis Page 26

● THOMSON CSF, France's largest electronics company, has signed a technical assistance agreement with Motorola of the U.S. to set up integrated circuit factories in France. Back Page

● LLOYD'S of London applications for membership are falling. The number of applicants for election has dropped 12 per cent to about 3,200 compared with a year ago, although total membership stands at record levels.

COMPANIES

● READICUT International pre-tax profits for the half-year to September 30 rose from £2.45m to £3.73m on sales 21.6 per cent ahead at £39.92m. Page 24

● BARLOW RAND, South Africa's largest industrial corporation, reports turnover up from R1.2bn to R1.68bn, boosting profits from R154m to R191m. Page 29.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Treas. 3½pc '77-80	£[illegible]	+ ⅛
Treas. 13½pc 1993	£103⅛	+ ⅜
Brown (J.)	416	+ 8
Gt. Portland Ests.	212	+ 6
ICI	361	+ 6
London and Northern	38	+ 2½
Lucas Inds.	298	+ 6
Martonair	196	+ 6
Metal Box	312	+ 4
Perry (H.)	108	+ 6
Sainsbury (J.)	222	+ 9
Sotheby	315	+ 5
Viscose Dev.	70	+ 8
Walker (Jas.)	110	+ 4
Blyvoor	288	+ 8
Harmony	283	+ 10
Impala	180	+ 4

FALLS		
Bright (J.)	33½	− 2½
Brown and Jackson	234	− 8
Eva Inds.	92	− 8
Gold Fields Prop.	57	− 5
Prince Wales Hotels	81	− 6
Rush and Tompkins	99	− 5
Berjuntai Tin	215	− 10
Conzinc Riotinto	250	− 16
Malayan Tin	415	− 10
Southern Malayan	305	− 10

Japan ship prices may fall 5% after controls are ended

BY IAN HARGREAVES: Paris, Nov. 8

Japan is to end its price controls on ships for export from the end of this year. The move is expected to reduce many quoted prices by 5 per cent.

The news alarmed some European delegates to a meeting in Paris of the shipbuilding working party of the Organisation for Economic Co-operation and Development today.

The Japanese Government agreed to raise the prices of its ship exports by 5 per cent in March last year, after almost a year of negotiations within the OECD on ways to cope with the impact of the crisis on the shipbuilding industry.

The decision was regarded as a breakthrough in co-operation between Europe and Japan in arranging an orderly market-sharing approach during the recession. The price control agreement was due to expire on December 31, but European governments and the European Commission have strongly urged Japan not to abandon it.

Mr. Tadashi Mano, director of shipbuilding policy at the Japanese Ministry of Transport, told the working party that Japan was no longer prepared to damage its competitiveness while European governments were backing their shipyards' marketing efforts with increasingly heavy subsidies.

He cited in particular the British Government's £85m shipbuilding intervention fund, details of which were presented to today's meeting.

After the meeting, Japanese officials said that, with the Tokyo Government negotiating what they described as a "painful" 35 per cent cutback in capacity, price controls could not be sustained.

Details of the Japanese restructuring plan will be announced in Tokyo on Tuesday, but are understood to involve the loss of about 50,000 jobs in a cuts programme covering the 15 months from next January.

The cuts will be financed partly by the surviving yards, with help from the Government through interest subsidies.

Delegates at the meeting differed considerably on the seriousness of today's development.

Some European officials have always doubted the effectiveness of the 5 per cent increase and point out that in a market where the bottom bid for any order is frequently more than 30 per cent below the top bid, a 5 per cent factor is not too significant.

But at present, with the traditional Japanese edge over Europe on ship prices blunted by the sharp appreciation of the yen, a 5 per cent reduction in some bids could be decisive.

The move indicates Japanese determination to bid strongly for the few orders available in 1979 and comes shortly after the announcement of a $160m scheme to finance soft credit packages for ship exports to developing countries.

Mr. Mano said it was uncertain at this stage how many Japanese shipbuilders would change their prices as a result of today's decision.

Japan and Europe are engaged in a long-running battle of statistics over which group is benefiting most from present market conditions and Government policies.

Japan says that the balance between Europe and itself was restored in the first half of the year when Europe and Japan ran almost neck and neck on shipbuilding orders, measured in compensated tonnage terms.

But the EEC delegation at

Continued on Back Page
Editorial comment, Page 22

Ministers reach limited deal with TUC leaders

BY CHRISTIAN TYLER, LABOUR EDITOR

MINISTERS AND TUC leaders have reached a limited agreement on price control "safeguards" and pay bargaining designed to encourage moderate settlements and keep inflation to 5 per cent or less.

But the commitments are modest on both sides, following the TUC negotiators' rejection of a detailed plan for wage restraint through the price mechanism that could have meant a real shift in the Government's pay control tactics.

As it is, there is no sign that Mr. James Callaghan will be tempted tot relax his general 5 per cent limit, even if waivers are given in some cases, quite apart from the fact that the public opinion polls continue to show support for his policy.

The two sides had hoped to have a joint statement ready for yesterday's meeting of the TUC economic committe to endorse. But the five Ministers and six TUC negotiators were unable, despite talks lasting into the early hours, to agree on a formula for helping the low paid, or for linking the earnings of public sector workers to their equivalents in private industry.

This has made necessary a further round of discussions, the first of them expected to be held on Friday. The hope now is that Mr. Denis Healey, the Chancellor, and one or two others in the Government team will be able to attend a special meeting of the TUC economic committee next week to explain the statement and ask for its endorsement both there and subsequently by the whole general council.

Guidelines

The statement is expected to promise tightening of some of the "safeguard clauses" available to companies under price control legislation, but not the safeguard for loss-making companies. The CBI, while opposed to any tightening of controls, has highlighted the problems of loss-making companies in its own talks with the Chancellor.

In return, the TUC leaders are preparing guidelines for trade union negotiators likely to emphasise the importance of "containing" units costs in the private sector and nationalised industries, but without assenting to any general pay or cost limit.

In addition, it has agreed to monthly meetings with Ministers for monitoring pay and prices, so making itself more accountable for its members' bargains. The CBI might join this process if satisfied it has won the main battle on prices.

To tighten up the safeguard clauses in the way proposed would not need major legislation, only a Parliamentary Order which would be much easier to get through the House. Union leaders have accepted that major revisions would have to await the return of a Labour Government with an overall majority.

Yesterday Mr. Len Murray, TUC general secretary, gave the economic committee the briefest of reports on the talks and it was agreed that they should continue until a firm statement was ready.

Meanwhile, although it is intended that the statement should influence the going rate of settlement this winter—and avert a show-down with low-paid public service workers—the Government is already facing a rash of breaches of its 5 per cent limit and much greater industrial unrest than at this time last year.

Sainsbury winning prices war

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE J. SAINSBURY supermarket chain emerged yesterday as one of the winners so far in the High Street price war.

Sainsbury's interim results, for the 28 weeks to September 16, showed pre-tax profits up by almost a quarter at £15.6m and turnover up by just over 28 per cent to £521m. The company's sharp volume growth reflects the success of its Discount '78 campaign launched last January.

Significantly, Sainsbury's net profit margins, at 2.9 per cent, were slightly above the average for the past five years although down a fraction from the 3 per cent of the first half of last year.

They indicate, however, that the company has been able to maintain, and even strengthen, its position in the fiercely-competitive High Street trading battle without further damage to margins.

Since its discount campaign began, Sainsbury's share of the grocery market has jumped by about a quarter, from an average of 8.6 per cent in the three months to the end of January to an average of 10.6 per cent over the past three months.

Tesco, which sparked off the High Street price war when it dropped Green Shield trading stamps in June last year has about 12.4 per cent of the grocery market — a rise of just under 10 per cent since last January but more than 50 per cent up on its market share at the time it dropped stamps.

Both the City and the grocery trade will be closely watching Tesco's interim results, due later this month, to see if it can emulate Sainsbury and turn sales volume into profits.

However, Sainsbury remains cautious about trading in the second-half of its financial year. The success of both Sainsbury and Tesco prompted an autumn counter-attack from other big supermarket multiples.

International Stores, the BAT Industries subsidiary, started a cut-price counter-offensive early in September when it dropped from most stores the Green Shield franchises it had picked up from Tesco.

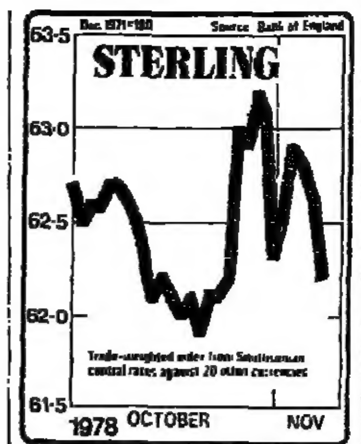
Meanwhile, the losers have been the smaller supermarket chains and independent grocers whose margins and profits are being sharply squeezed.

Results, Page 24
Lex, Back Page

CONTENTS OF TODAY'S ISSUE

FEATURES

For latest Share Index phone 01-246 8026



Sterling loses ground

BY MICHAEL BLANDEN

THE POUND came under pressure in early foreign exchange market dealings yesterday, losing ground against the strong European currencies and at one stage even against the dollar.

The U.S. currency was also generally weaker in European markets, losing some of the sharp improvement recorded last week after the announcement of the official package of measures to help the dollar.

The decline in sterling appeared to reflect uncertainty about the prospects for the UK pay policy and inflation, and it was thought the Bank of England offered no resistence to the early selling pressure.

At noon, the Bank's calculation of the index of sterling's value against a basket of currencies stood at 62.1, down by 0.5 points or 0.8 per cent from the previous night's closing level.

By the end of trading in London, the index had picked up to 62.2, but the pound remained significantly lower against the West German D-mark, the Swiss and the French francs.

It closed slightly higher against the dollar, however, at $1.9750, up by 25 points from the previous day's close.

The renewed fall in the dollar appears to reflect growing uncertainty about the intended scale of official support, in spite of the news that the U.S. had taken up $2bn of its planned $3bn borrowing from the International Monetary Fund.

The dollar was supported by the West German and Swiss authorities and by the Federal Reserve. But it closed in London at DM 1.8770 against DM 1.8870 on the previous day and at SwFr 1.610 against SwFr 1.6395.

The decline in the dollar was reflected in the gold price, which rose by $3 to $219¼ an ounce.

£ in New York

	[illegible]	Prev.
Spot	[illegible]	[illegible]
1 month	[illegible]	[illegible]
3 months	[illegible]	[illegible]
12 months	[illegible]	[illegible]

Heath denies knowing about sanctions deal

BY ELINOR GOODMAN, LOBBY STAFF

THE Conservative Government of 1970-74 knew nothing about the way British oil companies were evading Rhodesian oil sanctions, Mr. Edward Heath, Prime Minister during the period, told MPs yesterday during the second day of the Commons Rhodesia debate.

Mr. Heath said that the swap arrangements operated by the oil companies as a means of getting oil into Rhodesia were never raised during the four years of Tory government.

On Monday, Sir Harold Wilson, who was Prime Minister at the time sanctions were introduced, claimed that his Government was similarly ignorant of the way sanctions were being breached.

Mr. Heath yesterday refuted Sir Harold's claim that the Conservative administration knew "as little and as much" as the Labour Government. In a brief renewal of the confrontations which occurred across the floor of the Commons when both men led their parties, Mr. Heath said that, in accordance with convention, the incoming Conservative Government had not been given access to the Cabinet documents of the previous Administration. He therefore had no grounds to suspect that sanctions were being broken.

Mr. Heath also rejected Sir Harold's call for publication of the Cabinet papers covering the period during which the Bingham inquiry showed sanctions were being broken. Appearing distinctly lukewarm about the need for any further inquiry in the wake of the Bingham Report, Mr. Heath said that it would be a dangerous precedent to start releasing Cabinet papers so soon after the events covered.

Ministers needed to be able to discuss matters freely in the knowledge that their discussions would not be made public.

The same point about Cabinet confidentiality was made by Mr. Sam Silkin, Attorney General, in a long rehearsal of the pros and cons of the various forms which any further inquiry into sanctions-busting might take.

He confirmed that a senior police officer was already investigating the questions of criminal liability arising from the Bingham Report.

The publication of Cabinet documents would be an important precedent which might inhibit the freedom of discussion in future Cabinet meetings, he warned. Those in favour of such a move should ask themselves whether it would be right to abandon confidentiality retrospectively.

Mr. Silkin insisted that the Government had not made a decision yet, but appeared to favour a private inquiry by a committee of Privy Councillors, who would be able to see Cabinet papers without establishing the precedent of more general disclosure.

The Government comfortably survived the first of two votes on its Rhodesia policy when a Tory amendment condemning it as inadequate was rejected at the end of the debate by 278 votes to 223. The Liberals sided with the Government.

Parliament, Page 10

Government's fate hangs on Ulster Unionists

BY RICHARD EVANS, LOBBY EDITOR

THE FATE of the Government and the prospect of a December general election will depend, in the Commons tonight, on the unpredictable votes of Ulster Union MPs.

The division at the end of the seven-day debate on the Queen's Speech will be much more of a cliff-hanger than Government whips had anticipated, with a decision last night by the 11 Scottish National MPs to vote with the Conservatives.

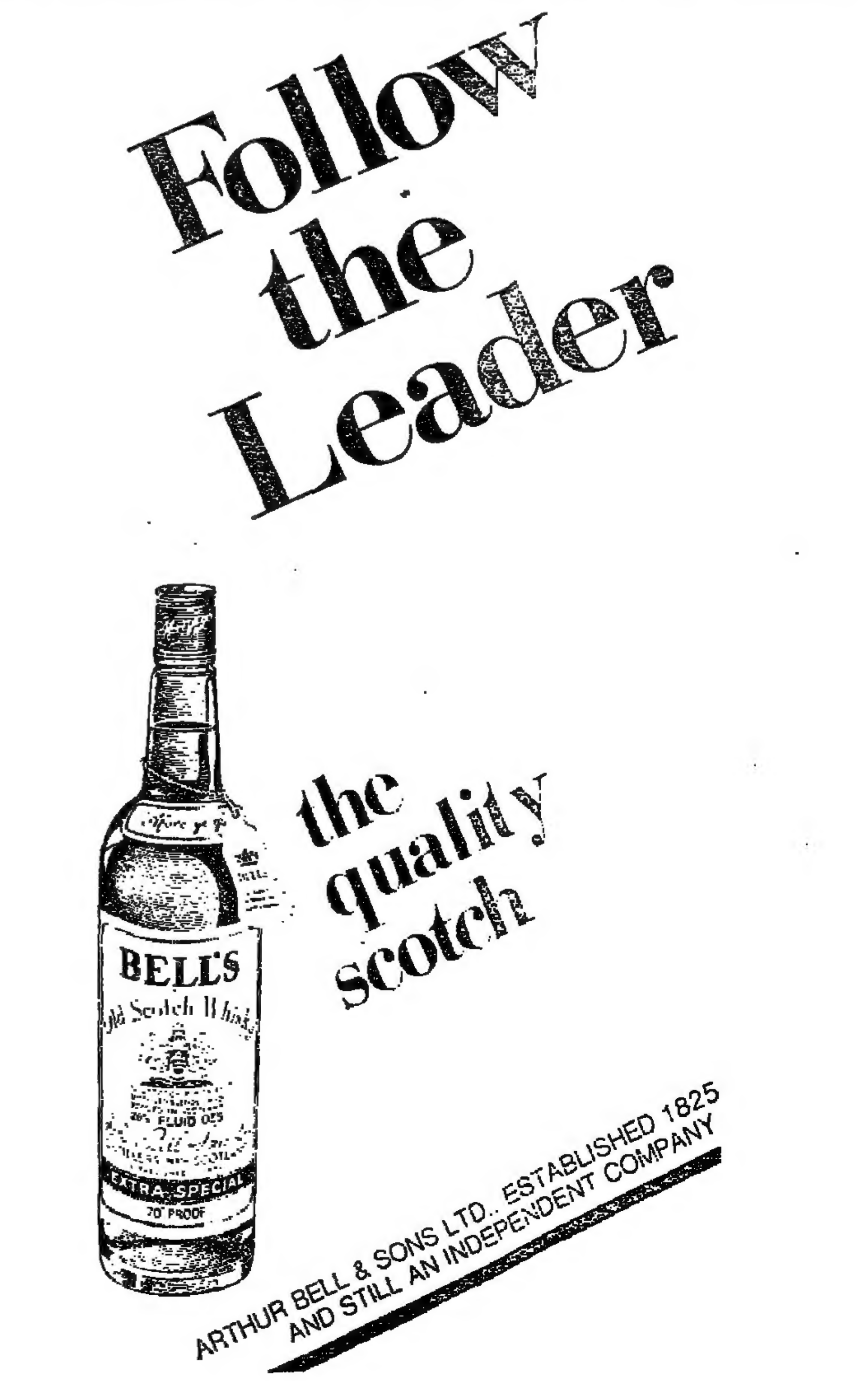
They had been asked by their executive in Edinburgh to back the Government or abstain in order to ensure that Ministers introduce legislation for a Scottish referendum next March 1.

But the MPs decided that the best tactic was to oppose the Government in the hope that other minority parties would come to Mr. James Callaghan's rescue.

However the 13 Liberals, with the possible exception of Mr. Geraint Howells (Cardigan), are now pledged to vote with the Conservatives because of the careful framing of a Tory amendment, calling for an immediate general election.

In addition, Mr. Gerry Fitt, the Social Democrat and Labour Party MP for West Belfast, usually one of the Government's most loyal supporters, was threatening last night to back the Tories. He was incensed by the temporary security arrangements in Ulster and by the introduction yesterday of a Bill extending Northern Ireland representation at Westminster.

The Government is in a minority of five against all other parties, and therefore needs one minority group to vote with it or abstain.



Giscard names economic targets

BY ROBERT MAUTHNER PARIS, Nov. 8.

FRANCE'S Government today took a cautiously optimistic view of the country's economic situation in the coming months, after a steady improvement in trade figures, a recent slowing of inflation, and a satisfactory performance by the franc on exchange markets.

President Valery Giscard d'Estaing said after the weekly Cabinet meeting at which the chief economic Ministers reviewed the economy, that patient efforts by the French people were beginning to bear fruit. But the results were still insufficient and the present stabilisation policies must be pursued.

Apart from the continuing fight against inflation, the President set as France's main economic objectives for 1979, a further increase in exports and stimulation of the building and public works sectors, which would help to bring down the high level of unemployment, currently running at 1.3m.

M. Giscard d'Estaing emphasised that an important condition for economic recovery was the creation of a European monetary zone and that this would remain a central plank of his Government's policy in 1979. At their meeting here last week, the President and the West German Chancellor, Herr Helmut Schmidt, reaffirmed that the European monetary system would be implemented on January 1, next year, even if some Common Market countries refused to participate.

M. Rene Monory, the Economics Minister, told the Cabinet that, after the upturn in private consumption and industrial production during the second quarter, the economy should expand at an annual rate of a little more than 3 per cent during the next few months. According to the most recent official forecasts, GDP will increase by 3.7 per cent in 1979 after a rise of 3.2 per cent in 1978.

This should lead to a consolidation of the trade balance which has shown a cumulative surplus of nearly FFr 2bn (about £230m) over the first nine months of this year, and to a stabilisation of employment.

M. Monory also saw, as a good augury for the future, the marked slowdown in price rises in August and September, when the official cost of living index rose by no more than 0.6 per cent in each month. He said it showed that the freeing of industrial prices earlier this year had had a temporary adverse effect on inflation, as the authorities had forecast.

In this context, the latest figures for wage rises are also looked upon by the authorities as encouraging. An increase of 4.2 per cent in hourly wages during the second quarter, which had caused alarm in official quarters, has been followed by a much-reduced rise of 2.7 per cent in the third quarter, according to provisional figures issued by the Ministry of Labour.

M. Monory played down the inflationary consequences of the large budget deficit of FFr 30bn which France is expected to have this year, compared with an original target of no more than FFr 9bn. In spite of this deficit and a large inflow of foreign currency, the growth of the money supply this year should be somewhat less than that of nominal GDP, which is expected to increase by about 13 per cent, according to the Minister.

AP-DJ adds: M. Joel Le Theule, France's Transport Minister, told the National Assembly that the Government intended to put into effect a number of measures to assist the shipbuilding industry.

The measures he outlined included offering shipbuilders low-interest credits over long periods to attract export orders, an easing of the conditions under which shipbuilders receive direct state aid, an increase in Government assistance for the conversion of shipyards to other activities and increased public orders for ships.

Defence budget approved

BY OUR OWN CORRESPONDENT PARIS, Nov. 8.

THE FRENCH National Assembly last night passed the 1979 defence budget, which provides for spending more than FFr 92bn (£11bn), a 14 per cent increase from the 1978 figure.

The budget had an easy passage through Parliament, compared with previous years, mainly because the Gaullists had been won over by a Government announcement last September that construction of a sixth nuclear submarine, the Inflexible, armed with the new M4 multiple-headed missile, would start next year, for commissioning in 1985.

A few months ago, the Gaullist Party, which has been calling since 1976 for a sixth nuclear submarine to be built, threatened not to vote for the defence budget unless its demands were satisfied.

On the Government coalition side, there was general satisfaction that the Government had decided to step up its defence spending progressively over the next few years. Next year, defence expenditure will amount to 3.26 per cent of Gross Domestic Product (GDP), compared with 3.12 per cent in 1978, and will be 16.79 per cent of the state budget. By 1982, the defence portion of the budget will have risen to 20 per cent.

The decision to build the submarine largely explains the sharp increase in appropriations for France's nuclear deterrent force, which have risen by 17 per cent, to more than FFr 33bn (£3.9bn) for current spending and by 24.6 per cent, to nearly FFr 43bn (£5.1bn), for future programmes.

M. Charles Hernu, the Socialist defence spokesman, described the sixth nuclear submarine as "a Loch Ness monster" which had been conjured up to defuse the tension between the coalition parties and which might never materialise.

NATO pursues arms goal

BY REGINALD DALE

THE EUROPEAN NATO countries are to pursue their search for joint weapons projects, despite the disappointing results of their efforts so far. The need for the closest possible co-operation was reaffirmed at a two-day meeting in Rome this week of the Independent European Programme Group, the 12-nation body set up to investigate possibilities for European arms procurement collaboration.

Several participants at the Rome meeting, including the UK, expressed their regret that the group had still not come up with a successful joint project after almost three years of deliberations. The British view, however, is that prospects are now reasonably good for progress in four main areas within the next 12 months.

The leading contenders for collaboration are tactical combat aircraft, helicopters, light anti-armour weapons, and 105 mm artillery ammunition. It is thought that even if agreement can be reached on only two of the four, the Group will at last have shown that it means business.

Hopes are particularly high that agreement can be reached on a helicopter "package," in which Britain and Italy have already announced they plan to co-operate. Both countries' navies need heavy 10-ton helicopters, and it is hoped that West Germany might also be interested.

Other possibilities include setting up second production lines for light anti-armour weapons and 105 mm ammunition in less economically advanced European NATO countries. This, however, would depend on enough smaller countries grouping their requirements in a large order, to lengthen the production run.

Swiss rate of inflation down to 0.4%

The Swiss inflation rate reached its lowest level since January, 1960, last month, and the national cost-of-living index fell by 0.2 per cent over the previous month, writes John Wicks of Zurich. This means a minimal annual increase in consumer prices of only 0.4 per cent and a rise of 0.2 per cent since the country's new index was introduced in September last year. The primary reason for the near-zero inflation is to be seen in falling import prices due to the appreciation of the Swiss franc.

With wholesale prices noticeably down on comparable 1977 levels and import prices continuing low, inflation is likely to remain very small in Switzerland despite a rapid growth in money supply. Since falling mortgage rates have led to a further reduction in rents, it seems quite possible that inflation could reach the zero level or even become negative when the rent index is periodically reviewed.

West German denial

WEST GERMANY yesterday denied any nuclear or military cooperation with South Africa and said accusations to the contrary were "malicious defamation," Reuter reports from Bonn. A Foreign Ministry booklet said the defamation campaign was mainly the work of the African National Council for South Africa and the German section of the anti-apartheid movement.

Dutch jobless forecast

The Dutch Ministry of Social Affairs predicted that unemployment in the Netherlands will average 206,000 in 1978, a drop of 1,000 from 1977, AP-DJ reports from the Hague. In October Dutch unemployment was 210,200, or 5 per cent of the workforce.

Innocenti ends ban

Nuova Innocenti workers have voted to lift a four-week blockade that has prevented finished Leyland Mini cars from leaving the company's main factory, AP-DJ reports from Milan. The action was originally called to back demands for rehiring of about 750 workers.

Cyprus suspensions

The Cyprus Government has decided to take action against more than 100 civil servants and policemen for alleged involvement in the 1974 coup against President Makarios, our Nicosia correspondent reports. An official said 70 policemen, including 16 officers, six prison warders and 35 teachers would be suspended during investigations.

Belgian car sales drop

The number of new car registrations in Belgium dropped in October by 8.51 per cent, compared with a year ago, according to the Belgian Automobile Industry Federation, AP reports from Brussels. The federation pointed out that the drop took place in spite of easier hire-purchase conditions and said it feared that the year's total registrations would also be lower than last year.

Research guidelines

West Germany is preparing new laws to control scientific manipulation of genes, Reuter reports from Bonn. Herr Volker Hauff, the Research Minister, said that present guidelines were inadequate as safeguards against abuse and risks to public health. He compared the dangers of genetic research with those of nuclear research.

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Senior Italian magistrate shot dead by terrorists

BY RUPERT CORNWELL ROME, Nov. 8.

A WIDE-SCALE police search was under way tonight for the left-wing terrorists who have claimed responsibility for the killing of a senior Italian magistrate and his bodyguard and driver early this morning.

Sig. Fedele Calvosa, the public Prosecutor for Frosinone, some 60 miles south of Rome, was ambushed shortly after leaving his home not far from the town. Three youths leapt out of another vehicle blocking the road and poured machine-gun fire into the car carrying him and his two companions.

Sig. Calvosa, aged 59, is the seventh magistrate in Italy to fall victim to terrorism since 1971, and today's incident brings the total of identifiable political killings in the country so far this year to 23, compared with only six each in 1976 and 1977.

This afternoon responsibility for the attack was claimed in an anonymous telephone call to the Milan office of the Corriere Della Sera newspaper by the "Front Line" extremist group. This is the same organisation—believed to be something of a southern arm of the Red Brigades—which said it killed Sig. Alfredo Paolella, a leading Government criminologist, in Naples last month.

Sig. Calvosa's death is proof, if any were needed, that the terrorist menace is as strong as ever in Italy, despite the apparent successes of police operations against the Red Brigades in Milan, and the capture of several of their most senior members.

One member of the terrorist gang was wounded by accident and subsequently died in the shooting. Tonight, hundreds of police were manning roadblocks around the area in an attempt to seize the fugitive gunmen.

Concern over UK view of EMS

BY OUR OWN CORRESPONDENT ROME, Nov. 8.

ITALY APPEARS willing to join the Eurpean Monetary System (EMS) from its planned inception next January only if Britain switches its apparently hostile line and agrees to take part.

The close identity of British and Italian interests was underlined at a second meeting on the vexed issue of the EMS between Sig. Filippo Maria Pandolfi, the Treasury Minister, and economic experts of the other parties which give Parliamentary support to the minority Christian Democrat Government.

The discussions were a resumption of those interrupted last week by news of the revised Franco-German offer to induce the Italians into the proposed arrangements. This offer permits the lira a 4.5 per cent fluctuation band, instead of the 2.25 per cent first envisaged.

But the main concern appears to have been worries over the British attitude. While the Communists reiterated their opposition to any EMS tantamount to an enlarged version of mount to an enlarged version of the existing snake, the Socialists and Social Democrats despatched officials to London to ascertain the Labour Government's position.

A basic fear of the Italians is that if the pound remains outside, the lira, as the only "weak" currency inside the system, would have to take the brunt of any speculative attack.

Thus, increasingly, a joint stand with the British is seen as the only way in which the lira can take part.

Whether such a common line can be agreed will become plain only after this month's visit to London by Sig. Giulio Andreotti, the Italian Prime Minister, for talks with Mr. James Callaghan, the British Prime Minister.

Meanwhile, a limited Government reshuffle is imminent as Sig. Carlo Donat-Cattin leaves his post of Industry Minister to become deputy secretary-general of the Christian Democrats. Sig. Andreotti has said he will create a new minister with responsibility for union relations and wage negotiations, especially in the public sector.

Patent application doubts

BY A. H. HERMANN, LEGAL CORRESPONDENT

BRITISH PATENT agents have serious doubts about including Italy as one of the designated countries in applications for a European Patent.

The inclusion of Italy in European Patent applications will become possible on December 1 next year, following ratification of the European Patents Convention by Rome in September 1978. However, European Patents embracing Italy may not be valid in that country until the Italians bring into force their own internal regulations on the matter.

International conventions are not directly effective in Italian domestic law and no regulations for the implementations of the European Patent Convention have been made so far. There is a powerful lobby in Italy opposing the European Patent Convention which obliges Italy, among other things, to grant patent protection to pharmaceutical products.

The Chartered Institute of Patent Agents will recommend to its members in the November issue of its journal that they should seek the advice of their Italian colleagues before deciding to designate Italy in a European application rather than filing a national Italian application.

There were some unpleasant experiences under similar circumstances after 1954 when Italy ratified the London text of the Paris Convention by which forfeiture of a patent for non-working would not occur unless a compulsory licence had been previously granted. Specific laws did not come into force until 1968 and in the interim a number of patents were forfeit for non-working without the prior grant of compulsory licences.

Irish minister holds Bonn currency talks

BY JONATHAN CARR

IRELAND'S FINANCE Minister, Mr. George Colley, tonight stressed that politically and economically his country wanted to be a full member of the new European Monetary System (EMS), and said he was "extremely pleased" with his first day of discussions on the topic in Bonn.

Speaking to reporters after talks at the Economics Ministry, Mr. Colley said he believed membership of the system would help bring Ireland lower inflation, lower interest rates and currency stability so that manufacturers and traders could better plan ahead.

He made clear that Ireland would not want wider currency fluctuation bands than those to be adopted by the hard core of countries within the system (for example the currency snake states and France). But it would not oppose wider bands for those countries desiring them, such as Italy.

Mr. Colley said the West Germans had accepted Dublin's case that a transfer of resources would have to take place to help the Irish economy maintain the disciplines implied by membership of the EMS. Precise figures had not been mentioned—let alone specific commitments made. Mr. Colley said he did not expect such commitments to emerge until the European Council met next month.

He made clear that Ireland was looking for more than loans—even loans from the European Investment Bank with subsidised interest rates. While such loans might form a small part of a final package, Ireland was not prepared greatly to increase its current borrowing.

It was conceivable that another part of a final package could be provided through existing Community institutions such as the regional fund. But Mr. Colley drew attention to the problems which would arise here if not all Community members joined the EMS at the start.

He indicated that such difficulties would probably be among topics he would be discussing with Mr. Denis Healey, the Chancellor of the Exchequer, in London tomorrow.

● Former West German Chancellor Willy Brandt said in a television interview today he would not be a candidate for the presidency of the European Parliament to be directly elected next year, AP reports from Lille. However, he would stand for election as a member of the Parliament.

Winter strike threat to German steel industry

BY ADRIAN DICKS

MULHEIM/RUHR, Nov. 8.

THE HARD-PRESSED West German steel industry could face a strike this winter. The national executive of the steelworkers' union IG-Metall, is expected to give the go-ahead to a request today from the local leadership in North Rhein-Westphalia, the leading steel-making region, to hold a strike ballot on November 18-21.

No-one attending the union's conference for steel industry shop stewards here this week could be in any doubt that, in their present mood, steel workers will not hesitate to vote their leaders strike powers, and to see them used.

The stage thus appears set for the steel industry, suffering though it is in the fourth year of a worldwide crisis, to play out this season's major West German industrial relations drama.

Both the main actors have, in fact, been rehearsing their parts for some months. It came as no surprise that IG-Metall should have presented, as the centre piece of this year's demands for the 1978-79 wage contract, a call for a standard 35-hour working week.

No less predictable was the blank refusal of the steel industry employers' federation even to contemplate this claim. As a result, both sides consider the negotiations to have reached deadlock.

The union leaders and employers are both well aware that more hangs on the outcome of the dispute than the fate of the steel industry alone. The union, which represents engineering, motor industry, aircraft and other workers in more affluent sectors, seems to have picked steel as the jumping-off point for a 35-hour week precisely because it is less able to withstand a strike than other industries.

The call for a 35-hour working week has thus become something of a symbol not only for IG-Metall but for the entire union movement.

The employers, for their part, have taken up the challenge. Herr Otto Esser, president of the West German employers' federation (BDA), said in a newspaper interview that as well as defending its own interests, the steel industry would "obviously be standing in for the vital interests of every other sector."

It is not hard to understand the employers' dogged resistance. They see the shortening of the working week simply as an addition to their wage bill. This point of view was put no less bluntly to the IG-Metall conference here by Viscount Etienne Davignon, the European Community's Commissioner for Industry.

Asked by several steel shop stewards to support the 35-hour week as a *social objective*, he answered that it could only be contemplated if there was no damage to the competivity of West German steel on world markets.

Viscount Davignon was rewarded with a frosty reception. His pledge that the Commission's steel crisis plan was committed to social equity no less than to restoring profitability, did nothing to convince the assembled shop stewards and works council chairmen that the plan is not, on the contrary, *merely a cloak to allow the steel* companies to carry out mass lay-offs.

In IG-Metall's view, the 35-hour week is not only a device for sharing available work more fairly (although in private some union leaders recognise this argument as economically somewhat simplistic). Its real importance is two-fold.

First, the IG-Metall steel industry executive Board member, Herr Rudolf Judith, argues that it should make existing jobs safer. Second, it is seen as a necessary, and indeed, over-due political defence against the seemingly endless run-down in the industry's manpower.

Herr Judith told the conference that the steel employers have acted as though the industry's skilled workers were not its most valuable asset, but "so much *ballast*, which can be thrown overboard if the going gets rough."

The unions are not, of course, unaware of the industry's relative disadvantage because of its high wage levels and because of the revaluation of the D-mark.

Moreover, the worker-participation (*mitbestimmung*) gives them a *direct* look at the company's books. IG-Metall's calculation appears to be that, if only for cash flow reasons, some steel managements may actually be more willing than they let on to sign a new wage contract which gives away time rather than money.

If the calculation succeeds, that would not only represent a victory over an issue in which West Germany's biggest union has staked so much of its prestige. The whole movement would enjoy the spectacle of employers divided among themselves — a *change in circumstances* that might do a great deal for union morale after several years during which the movement has felt that everything was going against it.

Turkish Cypriots reject resolution

UNITED NATIONS, Nov. 8.

A GROUP of non-aligned states last night submitted a resolution on the Cyprus question calling for the immediate withdrawal of all foreign troops from the island, but Turkish Cypriots immediately said it was unacceptable.

The draft urged the "urgent resumption in a meaningful and constructive manner" of long-stalled negotiations between representatives of the island's Greek and Turkish communities.

The draft, somewhat tougher than one adopted at last week's assembly, also recommends that the Security Council examine how its relevant resolutions have been implemented and consider and adopt, if necessary, possible measures under the charter to ensure they are carried out.

Diplomatic sources said the Cyprus delegation would have liked a reference to possible action by the Council under the UN charter's sanctions provisions, but realised that this was impractical.

The draft was rejected by the Turkish Cypriots. Their leader, Mr. Rauf Denktash, here for the debate, told reporters that the six members of the non-aligned group who worked on the text "refused to take our pleas into consideration and have acted in a way which will not help the parties to come nearer to a resumption of inter-communal negotiations."

In Brussels, NATO sources said Mr. Joseph Luns, the organisation's secretary-general, is taking an initiative to soften Turkey's opposition to proposals for bringing Greece back fully into the Western alliance. Mr. Luns will visit Ankara later this month in preparation for a meeting of NATO Foreign Ministers in Brussels on December 7 and 8.

Reuter

CYPRUS

Call for sanctions against Turkey

BY ANDREAS HADJIPAPAS IN NICOSIA

GREEK CYPRIOT politicians and party chiefs, as well as Turkish Cypriot leader Mr. Rauf Denktash and some of his lieutenants, are currently in New York for the latest chapter of the almost annual saga of the Cyprus debate of the UN General Assembly. They will also be conducting an intensive lobbying campaign in New York for their respective causes.

Most people's minds are not directed, however, towards the Assembly debate but rather towards another date in the near future when, for the first time ever, the Cyprus Government will be launching a bid to get enforcement action from the Security Council (including sanctions against Turkey)—to ensure implementation of previous UN resolutions on Cyprus. The aim is to compel Turkey to comply with repeated UN calls to withdraw its troops from the island.

The Greek Cypriots who form the internationally recognised government on the divided island admit that there is no chance of sanctions being imposed at present. As President Spyros Kyprianou conceded in a recent interview, it is "extremely difficult" to get Security Council action under Chapter VII of the UN Charter. But, he said, "the question of sanctions must be raised." More than four years after the Turkish invasion of Cyprus, UN resolutions remained unimplemented and there was "no hope that Turkey will change its attitude without pressure."

Mr. Nicos Rolandis, the lawyer-businessman who became Foreign Minister of Cyprus earlier this year is leading the official government team in New York. He described the UN resolutions as cheques which could not be cashed. Some of them, he said, had been endorsed by the Security Council and were therefore "good for payment," yet there was no bank to cash these cheques.

The Greek Cypriots hope to secure from the Assembly a "stronger" resolution than the one approved last year, although last year's draft was considered satisfactory by them. It urged the Security Council to adopt "all practical means" to promote "effective implementation" of the resolutions on Cyprus in all their aspects.

All UN decisions since 1974 (the year of the Turkish military intervention) have called for the speedy withdrawal of foreign troops from Cyprus, the return of refugees to their homes and respect for the island's independence and sovereignty.

The two sides remain as far apart as ever on all issues—they cannot even agree on setting up a joint investigatory committee to trace hundreds of people missing since the war.

Three months ago, the Non-aligned States Foreign Ministers meeting in Belgrade also asked the Security Council to take measures to ensure speedy implementation of the Cyprus resolutions. The Greek Cypriots are pinning hopes on a similar call from the UN Assembly this month and will immediately approach the Security Council asking it to take all "practical measures" to enforce its decisions on Cyprus.

The current UN ideas have a variety of [illegible] Dr. Waldheim, the Secretary-General in his "good offices" mission, [illegible] for an international conference on Cyprus.

The idea of reviving active UN mediation is gaining ground because of the prolonged deadlock in the intercommunal peace talks.

The Turkish Cypriots consider the UN debate a waste of time. All the same, Mr. Denktash decided to go back to the UN headquarters (from where he returned on October 20) in order, as he put it, to inform the international forum of the true facts of the case. Mr. Denktash repeated his offer for a meeting with Mr. Kyprianou "to discuss anything he will bring to me."

The Turks insist that future moves to settle the problem should be within the framework of the "four guidelines" agreed between Mr. Denktash and the late President Makarios in February 1977. These called for the setting up of "an independent, nonaligned, bi-communal federal state."

The Greek Cypriots say that they do not reject negotiations but stress that a common basis for talks must first be found, and they maintain that the Turkish side's proposals submitted earlier this year were in fact a blueprint for the island's partition and could not therefore be accepted as a basis for talks. The Turks for their part, insist that their proposals can only be modified at the negotiating table.

A low-geared U.S. initiative failed to achieve the expected breakthrough in the wake of the American decision to lift the arms embargo on Turkey. American arms shipments to Turkey have resumed "but Ankara has not softened its attitude on Cyprus," a Greek Cypriot official remarked. President Carter, who saw President Kyprianou in Washington in early October, assured him that his Administration would work actively for a just and lasting Cyprus settlement. In the view of officials here, however, the U.S. is now more concerned about Greek-Turkish tension in the Aegean and Greece's future re-entry into the military wing of NATO than with the launching of a real peace initiative on Cyprus.

At present, all U.S. efforts appear to hinge on the prospect of getting a deal over Famagusta—persuading the Turks to pull back from the residential and hotel quarter of this seaside town (which has been abandoned since coming under Turkish control in 1974) and getting the Greek Cypriot owners back to their homes and businesses under UN supervision.

However the two sides remain as far apart as ever on all issues—they cannot even agree on setting up a joint investigatory committee to trace hundreds of people missing since the war.

The only fresh development comes from the Turkish-held north, with reports that some Turkish Cypriots are becoming increasingly restive because of economic restrictions, high inflation and the presence of troops and settlers from mainland Turkey.

"Turks from the mainland harm the interests of our community," wrote Dr. Fazil Kuchuk, the Turkish Cypriot leader who was formerly Vice-President of Cyprus. The opposition is growing more vociferous and stresses daily the depressed state of the economy.

President Kyprianou whose own community has achieved an economic boom, has promised that in the event of a Cyprus settlement ensuring the unity of the island, the Government would take "additional measures" to raise the Turkish Cypriots' standard of living and give them a "more civilised status."

So far there have been few signs of further co-operation between the two communities or of economic integration. There have only been few concrete instances of the two sides getting together: an agreement between the two municipalities to carry through and jointly operate a £1.5m sewerage scheme serving both sides of the divided capital (it should be operating in a year's time) and meetings in Nicosia between leftwing Greek-Cypriot and Turkish-Cypriot trade unionists.

These are the first signs that the two communities, whatever the present divisions and the hostility of the past, are beginning to realise that they also have many common interests, and that, since they have to share life on this island, the sooner they embark on the long road to reconciliation the better.

'Crystal night' commemorated

BY LESLIE COLITT

BERLIN, Nov. 8.

BOTH EAST and West Germany are commemorating today the 40th anniversary of the Nazi pogrom throughout Germany during the night of November 9, 1938 that led to the "final solution" in which by 1945 6m European Jews had perished. The Nazis later cynically referred to that night's burning of 267 synagogues, the arrest of 26,000 Jews and the plundering of 7,500 Jewish businesses as the "Reich's crystal night."

The events were a "dress rehearsal" for the subsequent mass murder of Jews, according to Herr Heinz Galinski, head of the Jewish community in West Berlin.

Thousands of West Berliners walked today in a memorial silent march to the rebuilt Jewish synagogue in the Fasanenstrasse.

West Berlin's Mayor, Dietrich Stobbe, said that the Nazi destruction of Jewish life in Central Europe "weighs heavily upon the past, the present and the future of our country and our people."

The chairman of the West German Trade Union Federation, Herr Heinz Vetter, said that the destruction of millions of Jews was not only the work of a lone band of criminals "but took place in the name of the German people."

West Berlin's Jewish community is now the largest in Germany, with 5,600 members—of which a number have come from the Soviet Union in recent years. Some 35,000 Jews live in West Germany and another 750 in East Germany.

The East German Government has marked the anniversary by donating 6000,000 East German marks to renovate the main East Berlin synagogue in the Rykestrasse, which has been reconsecrated this week for the East Berlin Jewish community of 240 people. The Jews there also have a kosher butcher shop to which the city government gives 180,000 marks a year.

Every two weeks, a rabbi is flown in from Budapest, Hungary, to supervise the ritual slaughter, as East Berlin has no rabbi.

In a final ironic twist of history, the Jews that remain in East and West Berlin have been almost totally severed from each other by the Berlin Wall and the ideological warfare between the two Germanys.

November 9, 1938, put an end to the legalistic phase of Adolf Hitler's anti-Semitic programme. This culminated in the Nuremberg race laws under which German Jews were isolated step-by-step as (in Propaganda Minister Joseph Goebbels' phrase) a "cancerous foreign body."

Hussein resists Bonn plea on Camp David

By Our Own Correspondent

BONN, Nov. 8.

KING HUSSEIN of Jordan ended his official visit to Bonn today reaffirming his opposition to the *Israeli-Egyptian* peace agreements. But he insisted that although the Camp David accords were unacceptable to Jordan and other Arab states, "that does not mean an end to the search *for peace.*"

The King said Jordan had come, with deep regret, to the conclusion that they would not lead to a comprehensive Middle East settlement.

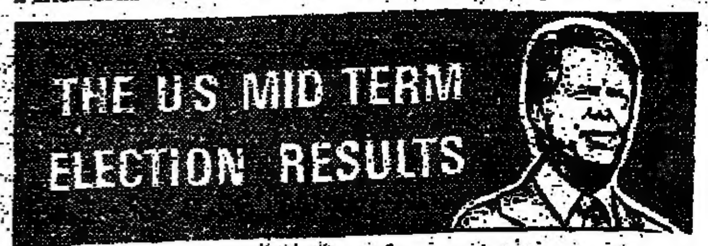
Jordan's position remained that of insistence on implementation of Security Council resolution 242, recovery of Arab territory lost in the 1967 war, return of Arab sovereignty over the Arab part of Jerusalem and recognition of the rights of the Palestinian people to self-determination.

During his stay in Bonn, King Hussein was strongly urged by the West Germans to accept the Camp David agreements as a starting point for further peace moves. Chancellor Helmut Schmidt said the accords held out opportunities for real progress and hoped all those involved in the area would make use of those opportunities.

King Hussein is following up his Bonn stay with visits to Hamburg, Berlin, Lower Saxony and Bavaria.

Other Mideast news, Page 6

Inconclusiveness brings comfort all round



BY JUREK MARTIN, U.S. EDITOR, WASHINGTON, Nov.

IT IS hard to find an adequate turn of phrase to sum up the essential inconclusiveness of yesterday's mid-term elections.

The American voters, who did not turn out in droves, provided a little comfort for everybody, confirmed, but not overwhelmingly, the well known conservative national mood, especially on economic matters, and responded vicariously to vast expenditures of campaign money.

They produced a number of intriguing upsets, as always happens, but it was clear that local issues and personalities were invariably paramount, which means that the runes for national politics and for the 1980 elections are not easy to read, if they exist at all.

The Republican Party, in a substantial national minority, had most at stake yesterday. It did not do as well as it had hoped a few months ago, largely because so many Democrats pre-empted natural Republican issues, but it did not do badly either.

In the U.S. Senate, its net gain of four or five seats was rather above expectations. But in the House the probable addition of 12-14 extra Congressmen is well under half the average advance made by the "out" party in off-year balloting.

Democratic majorities in both chambers remain substantial and the Democrats have now won the last 13 Congressional elections.

The Republicans picked up perhaps half a dozen extra Governorships (they held only 12 of the 50 states before yesterday) and made some gains in state legislatures. Both will be useful when Congressional districts are redrawn after the 1980 census but they do not constitute an unprecedented leap forward.

Ideologically, neither the Republican Right nor the Left can claim to have made their points convincingly in their eternal battle for control of the party. Senator Edward Brooke in Massachusetts, the only Black in the Senate, was the most prominent moderate casualty, but Charles Percy survived an unscrupulous Right wing Democratic onslaught in Illinois.

Of the new Senators, three, David Durenberger and Rudy Boschwitz from Minnesota and William Cohen from Maine, are certified moderates. The hard-liners picked up Iowa, where Roger Jepsen beat incumbent Dick Clark; Colorado, William Armstrong over Floyd Haskell; and, in a big surprise, probably New Hampshire, airline pilot Gordon Humphrey over Senator Thomas Macintyre.

But in New Hampshire, too, sitting Governor Meldrim Thomson, that arch conservative, was kicked out, while other well publicised Right wing challenges (Jeffrey Bell in New Jersey, for example) were found wanting.

The U.S. Mid-term elections were essentially inconclusive, producing no clear-cut lessons for either Democrats or Republicans. But, to the extent that voters yesterday showed their preference for a fairly cautious middle-of-the-road stance, the results indicate that President Carter will not be easy to unseat if he decides to run again in 1980—provided that he is not undone by the ravages of inflation or by a deep economic recession.

The Democrats lost two Liberal standard bearers in Messrs Lark and Haskell, plus William Hathaway from Maine, but compensated for this by electing progressives in New Jersey and Massachusetts (Bill Bradley and Paul Tsongas respectively). They also took the Michigan Senate seat from middle of the road incumbent Bob Griffin with middle of the road victor, Carl Levin.

The Republicans also confirmed their 1976 strength in the far west; grabbed for the first time since reconstruction a Senate seat in Mississippi (in a classic three-cornered race in which the Opposition was divided) and made net gains in the midwest, most notably in Minnesota (where the dominant Democratic Farmer Labor Party of Hubert Humphrey and Walter Mondale is in disarray).

But the GOP also, surprisingly, lost the Kansas Governorship, while Nebraska, supposedly the bastion of Republicanism, now has two Democratic Senators.

The net result is a Congress whose overall composition, both in number and philosophy, is not much changed. To the extent that President Carter, in the final months of the last session was increasingly getting his way on Capitol Hill, his problems do not appear to have been compounded by yesterday's results. The Balkanisation o fCongress, so evident in recent years, will persist and that may be the biggest problem of them all.

It is hard to say that the mid-terms particularly affected Mr. Carter's own re-election chances two years from now, assuming he runs again. He did campaign in recent weeks in some of the toughest races for Democrats and his batting average in those states was modest, but this is not considered an indictment of his leadership.

Others with an eye on 1980, however, had reason to be satisfied. Two Governors, Republican Jim Thompson from Illinois and Democratic Jerry Brown from California, were easily re-elected, as was Howard Baker, the Senate minority leader, in Tennessee. The only declared Presidential candidate, arch-conservative Congressman Philip Crane from Illinois, was also returned.

While Governor Thompson coyly refused to commit himself last night, predictably Jerry Brown did attempt to read more into the national mood in his post-election comments and to give the hint of the sort of campaign he might wage for the presidency.

It was the "Democratic mission," he proclaimed, to demonstrate that it was possible to cut taxes and public spending and to adopt "a more disciplined, austere approach in the public sector." He was determined to make this work in California: the mandate given him by proposition 13 last summer and by his re-election was "the first new idea" to emerge from the Democratic party in years. Jerry Brown, it was clear, thinks he has an issue.

In a sense, he is right: no candidate yesterday ran with impunity on a classic Liberal big spending platform. Several polls conducted yesterday showed that inflation was the number one domestic concern and that cutting Government spending was the best way to curb it.

Interestingly, they also found the public blaming Congress, the labour unions and business, in that order, as being primarily responsible for inflation, but saddled President Carter with little blame.

Both the public opinion polls and assorted referenda across the country also showed the electorate divided over the efficacy of deep tax cuts.

The proposition 13 message spawned in California, therefore, has yet to become a national tidal wave, though its cause is far from dead.

Thus neither President Carter nor any of the other proto-candidates for 1980 from either party has been irrevocably pushed into a particular philosophy, over and beyond the general constraint of fiscal conservatism.

Senator Edward Kennedy, for example, would not be devoid of room to manoeuvre his basically liberal approach to suit the requirements of the electorate should President Carter stumble and he seek the nomination.

But, to the extent that the voters yesterday indicated their preference for a fairly cautious stance, then the President, who sits very much in the middle of the majority party, will not be easy to unseat if—and it is a big question—he is not undone by the ravages of inflation or a deep economic recession.

There were a few other lessons to be drawn from yesterday's elections. One is that money counts—perhaps too much. Not even escalating costs can fully explain the vast fortunes disbursed in the pursuit of the elusive voter.

Senator Jesse Helms, the conservative Republican, raised over $6m to get returned in North Carolina—hardly a megastate—and his example was by no means exceptional.

Special interest groups from left and right, particularly the latter, spent freely both on special issues (the tobacco industry raised over $5m to defeat the anti-smoking initiative in California for example) and for "right thinking" candidates. Dick Clark's defeat in Iowa, for instance, probably owed a lot to the efforts and money of the anti-abortion and anti-union forces. It is a fair bet that Congress will in the next couple of years bite the bullet of federally financed Congressional elections.

More encouragingly, dirty politics fared less well yesterday, especially in Illinois, though recourse to the nefarious was pretty commonplace this year. Massachusetts certainly gave the nation a lesson in civility last night, for there was no more graceful concession than that of Senator Brooke and no more modest acceptance than that of Paul Tsongas after a battle in which Mr. Tsongas had declined to take advantage of Mr. Brooke's well-publicised personal and financial troubles.

But the electorate also showed its tolerance of those with legal problems. Most of those touched by Koreagate or other dubious activities were returned. There was also evidence of a resistance to the return of discrimination, if not of charity, with the defeat of the anti-homosexual proposition in California and Oregon.

And of course, the Senate, which lost its only black member, now has an elected woman in its ranks, Nancy Landon Kassenbaum from Kansas. She is the daughter of Alf Landon, who lost to FDR in 1936 but who campaigned actively for his offspring. That was the most touching story of 1978.

THE WINNERS AND THE LOSERS

Basketball Senator is seen as possible presidential timber

BY OUR OWN CORRESPONDENT WASHINGTON, Nov. 8.

THE 96th CONGRESS, which convenes next January, may not be much different in ideological composition from the 95th, but the cast of characters has changed appreciably as a result of deaths, retirements and defeats in primaries.

Certainly the most celebrated newcomer, in the Senate is Bill Bradley, the new Democratic Senator from New Jersey. Thirty-six years old, Mr. Bradley retired last year after a successful 10-year career as a professional basketball player with the New York Knickerbockers, during which he won the reputation of being one of the most intelligent team players in a sport dominated by spectacular individuals.

Both his supporters and critics have long said that Bill Bradley was running for office, even as a sporting superstar. He assiduously declined to engage in commercial promotions and endorsements, so as to keep himself "clean" for the political struggles ahead.

His politics are mainstream Democratic. He was obliged to tailor them to a degree for the election to counter the onslaught from the right of his opponent, Jeffrey Bell, Ronald Reagan's former "ideas man." Bradley used to be known to his teammates by the nickname "Our Future President," and there are those already who see him as potential presidential material 10 or 12 years from now.

The most unexpected new faces are mainly Republican: Rudy Boschwitz, a plywood manufacturer, and David Durenberger, a lawyer, both from Minnesota, and Gordon Humphrey, an Allegheny Airlines pilot from New Hampshire. The first two are moderates, the latter Right-wing, as is Roger Jepson, who beat Dick Clark in Iowa, and William Armstrong from Colorado.

By classical political standards neither Mr. Boschwitz nor Mr. Durenberger should be coming to Washington, since Minnesota is supposed to elect only Democrats. But the combination of Democratic disarray in the state and the unpopularity of the candidacy of maverick Democrat Robert Short, has turned the political map there upside down. The same could be said of Mississippi, which for the first time is sending a popularly elected Republican to the Senate (in the reconstruction era Republicans did represent Mississippi, but not as a result of popular vote).

The new Mississippi Senator is Mr. Thad Cochrane, formerly a Congressman, who assumes the seat held seemingly for generations by Senator William Eastland, who has retired. Mr. Cochrane won with a minority of the popular vote, the balance being split between a regular Democrat and an independent, the black Mayor of Fayette, Mr. Charles Evers. It is also a sign of the changing times that Mr. Evers, brother of the slain civil rights leader, Medgar Evers, could win a fifth of the vote in the Deep South.

Of the other Democratic newcomers, most scored predicted successes. Mr. David Pryor has been both Governor and Congressman in Arkansas, where the Democrats rule the roost. He enjoys a generally progressive reputation, though the tradition of Arkansas Democrats is to be more conservative on social and economic issues and more liberal in foreign affairs.

Mr. David Boren from Oklahoma and Mr. James Exon from Nebraska have also both moved from the Governors mansion to the Senate building on wel-earned local popularity. Both are considered relatively conservative by traditional Democratic standards.

Even with almost all the votes in, no winner has been declared yet in the two principal Texas races for the Senate and for Governor. Senator John Tower, the Republican incumbent, and Congressman Bob Krueger, the Democrat waged a virulent and unrepentant campaign. The gubernatorial contest between Democrat John Hill and Republican William Clements was more polite but just as close. At the latest count both Mr. Tower and Mr. Clements held fractional leads which, if maintained, would be a big boost for the Republican party in Texas.

There also seems to be a chance that John Warner, Elizabeth Taylor's husband, will achieve the narrowest of wins in Virginia, though a recount has been ordered Mr. Warner and his Democrat opponetn Mr. Andrew Miller have waged an uninspired war.

On the gubernatorial front, intriguing newcomers include Mr. Forrest (FOB) James, who takes over from Mr. George Wallace in Alabama. The state may be in the process of political rebirth with a pair of new Democratic Senators, Donald Stewart and Howell Heflin and a Governor appreciably more progressive than the old guard personified by Mr. Wallace.

A surprising defeat was that in New Hampshire of Mr. Meldrim Thomson, an arch-conservative, by Mr. Hugh Gallen, a local state assemblyman. Mr. Thomson, it appears, was actually undone by an issue dear to his heart — continued nuclear power development in the state.

All told, 12 governorships changed hands, of which the most important was probably that in Pennsylvania where the long-standing Democratic hold was broken by Mr. Richard Thornburgh, who overcame Mr. Pete Flaherty, the former Mayor of Pittsburgh.

The biggest upset was probably in Arkansas, where incumbent Republican Bob Bennet lost to the state House of Representatives Speaker, John Carlin. The most unusual result was in usually liberal Massachusetts where a conservative Democrat Edward King, beat a progressive Republican Francis Hatch.

Above (top to bottom): Sen. Edward Brooke of Massachusetts, Sen. Dick Clark of Iowa and Sen. Thomas J. McIntyre of New Hampshire.

Tax rebellion falters at polls

BY DAVID BUCHAN WASHINGTON, Nov. 8.

THE NATION-WIDE tax revolt predicted following the June decision by Californians to roll back their property taxes, did not materialise in yesterday's polling. Voters in six States did approve cuts or limits on State taxes, but the Oregon and Michigan electorates defeated property tax-cutting proposals virtually identical to the famous Californian proposition 13.

Certainly, the issue of federal taxes and spending figured in the campaign rhetoric of almost every politician running for national office. Today, the White House announced that President Carter had signed the new tax-cut Bill, passed last month by the outgoing Congress, that will lead to a $18.7bn cut in federal income, corporate and capital gain taxes next year. Though Mr. Carter actually signed the Bill, the White House Press Secretary said today that it had not been announced before because the President did not want to "play politics" on the eve of the election.

It was only in 16 states that voters were given a chance to mark on their ballots whether they wanted local taxes or spending curbed. Proposals to curb state spending — which national opinion polls conducted yesterday showed to be a greater priority for voters than tax reductions — succeeded in Alabama, South Dakota, Arizona and Hawaii, but were defeated in Colorado, Nebraska and Arkansas.

With such mixed results, tax and expenditure cutting proposals have clearly proved a double-edged political gambit in this year's elections. The largest poll ever of its type conducted yesterday by the national TV network NBC and the Associated Press among some 30,000 voters emerging from the voting booths showed that an overwhelming majority were for sensible restrain on government spending. It would appear that Americans are proving very alive to the dangers of cutting taxes, without at the same time paring public expenditure, when the number one concern of the U.S. electorate seems to be inflation.

In Alabama, Idaho, Illinois, Neveda, North Dakota and Texas tax cutting proposals seemed to have passed, though not all the results have yet been counted. Michigan voters rejected a plan to cut their property taxes in half, but they approved a measure limiting state spending and taxing growing faster than personal income. This type of more balanced proposal, to match the state's financial requirements more equally with the ability of citizens to bear them, found favour in other states—such as Arizona which yesterday passed a proposal to limit the state's annual spending to 7 per cent of personal income. Hawaii, for instance, voted to link increase in state spending rather more generally to the state's economic growth.

To express their views on a whole raft of issues—some of them seemingly frivolous, such as that passed in Oregon to allow dental technicians (not just dentists) to make and fit false teeth, or that passed in Mississippi to repeal an old state law banning duelling, but some of them more weighty such as the move to introduce a "right to work" law in Missouri. Such laws, which ban the closed union shop and any requirement of union membership as a condition of employment, already exist in some 20 states, mainly in the south and south-west. Conservative and business interests had sought to extend this to Missouri, which is a relatively heavily industrialised and unionised state, while organised labour mounted an extensive effort to stop them. In the event, the unions won a major victory, defeating the proposal easily by 60 to 40 per cent.

Virginia voters turned down a move to legalise horse race betting in a state famous for horse breeding, but without any major race tracks. The proponents of the move, which would introduce a state-controlled form of totalisator betting, would bring in the state some $25m a year. But the well-organised opponents argued that special interests, including organised crime, would benefit far more than the state from legalised betting. In addition, the betting proposal was strongly opposed by many local religious leaders, who saw it as immoral.

Brown stakes claim to the White House

BY MAURICE IRVINE LOS ANGELES, Nov. 8.

CALIFORNIANS gave Governor Jerry Brown the major victory he sought to project him as a leading White House contender in 1980 in a general election which will set the political direction of the nation's largest state for years to come.

But Governor Brown's 1.2m-vote landslide win over Republican rival Evelle Younger, was marred by the failure of his black running mate, Mervyn Dymally, who lost the lieutenant governorship to a Republican. Mr. Mike Curb's victory means that for the first time since 1894, the state will now be run by a Governor and Lt. Governor from different parties.

If, as many expect, Governor Brown challenges President Carter in the 1980 presidential primaries, as he did in 1976, Mr. Curb would be left in charge of the state for long spells. Should Governor Brown win the presidency, Mr. Curb would automatically become Governor.

Governor Brown also failed to carry with him the Democratic nominee for state attorney general, Yvonne Brathwaite Burke, another black candidate. She fell to the challenge of Conservative Republican George Deukmejian, state senator from Long Beach.

Governor Brown's controversial appointee as Chief Justice of the State Supreme Court, Rose Elizabeth Bird, was however confirmed in office by voters. Miss Bird, who has been under heavy fire from Conservatives as "soft on crime," at first appeared to be losing her bid for a full 12-year term, but returns from the large Los Angeles area gave her a narrow 52 per cent over 48 per cent win.

Both the Governor and the new Chief Justice are firm opponents of capital punishment, but Californians gave massive support to proposition 7: a proposal to expand the state's death penalty laws and make them the nation's harshest. Proposition 7 extends capital punishment to include nearly all first degree murder cases. It permits the death penalty for treason and for 15 specific murders including murder during rape. There have been no executions in California since 1957.

Voters took a liberal stance however on Proposition 6, a measure aimed at barring avowed homosexuals from teaching, one of the most bitterly debated issues of the election. Governor Brown had opposed it and voters agreed, turning down the proposal by a 58 per cent to 42 per cent.

State Senator John Briggs who sponsored Proposition 6 blamed its failure on unexpectedly sharp condemnation of the measure by Republican leader Ronald Reagan. Until Governor Reagan spoke out against it, it had led in most polls.

OTHER AMERICAN NEWS

U.S. homes market heads for slump

BY STEWART FLEMING NEW York, Nov. 8.

A GROWING consensus that the housing market is headed for a slump next year is strengthening predictions by many private economists that there will be a recession in the U.S. beginning in the second half of next year.

In its latest economic assessment, Citibank, the second-largest U.S. bank, says the tightening of Federal Reserve Board monetary policy, announced as part of the dollar support package last week, could bring forward to mid-1979 the beginning of the recession which the bank has been predicting for 1980.

It adds, however, that until it is certain that the Fed is taking a tougher attitude, it is sticking to its earlier prediction of recession in 1980, with an increased possibility of an earlier decline.

After the Fed's moves last week, which have contributed to banks' prime rates increasing to 10¾ per cent, and a rise of between 0.5 and 1 percentage point in money market rates, fears about the outlook for the housing market have intensified.

Mr. Michael Sumichrast, chief economist for the National Association of Home Builders, a leading industry trade association, says that housing starts next year could decline by 25 per cent to 1.5m, from the surprisingly strong 2m now expected for 1978.

The more optimistic U.S. League of Savings Associations, whose members include the main financial institutions which make home loans, is predicting a 15 per cent fall next year in housing starts.

One factor behind the forecasts is the rise in home loan interest rates which is following the increasing cost of money. In many regions home loan costs have risen above 10 per cent, with lending institutions predicting more rises to come. In California, the hottest and most expensive housing market in the country, home loan rates are rising to 10¼ per cent.

There are also predictions that, at current high interest rates, the growth of deposits at thrift institutions which make home loans will slow rapidly, and this will force them to cut their lending.

Historically, this has happened even before interest rates have risen to 10 per cent. But last June, federal authorities allowed thrift institutions and banks to sell new savings certificates, paying interest linked to the rate on six-month Treasury bills. These certificates now earn over 10 per cent. This has helped thrift institutions maintain deposit growth so far, because savers have not gone to other, high-interest investments.

Now, however, the high cost of these funds is leading many thrift institutions to reduce their willingness to issue the special savings certificates.

President signs Tax Bill

By Our Own Correspondent

WASHINGTON, Nov. 8.

PRESIDENT CARTER has signed the new tax cut Bill which will reduce federal income, corporate and capital gains taxes next year by $21.4bn, the White House announced today.

But the President has warned that he will not approve any further tax reductions which might increase the federal budget deficit until inflation is brought under control. The Administration's aim is to bring the 1980 budget deficit down to $30bn or less.

The new law provides for $12.9bn in personal income cuts, $6.4bn in corporate tax and $2.9bn in tax relief for taxpayers with capital gains such as those made on property an dstocks and bonds.

President Carter had originally opposed any lowering of the capital gains tax rate on the grounds that this would only benefit the better-off taxpayer.

However, Congress, anxious to benefit the middle income taxpayers in this election year, insisted that capital gains as well as income should be included in the overall tax cuts.

Mr. Carter began by asking Congress for $25bn in tax cuts, but as inflation came to supercede economic growth as the chief worry of the Administration, he scaled this down.

MEXICAN POLITICS

A revolution in need of a revolution

BY WILLIAM CHISLETT IN MEXICO CITY

The future stability of Mexico, a country whose record of peace over the last 50 years is justifiably envied by other Latin American countries, depends to a large degree upon the success of reforming the country's Institutional Revolutionary Party (PRI) which has been in power without the slightest opposition since 1929.

There are those in high office who believe that unless the PRI is opened up considerably and other political parties are given a real opportunity to gain access to power—instead of maintaining the present system of an "opposition" facade—then the present government of Sr. Jose Lopez Portillo could be the last peaceful one in a long line of basically stable governments for the past 50 years.

Cynics—and there are many in Mexico—say that political reforms are only being carried out now in order to prolong the PRI's life for another 50 years. There is more than an element of truth to this. But at the same time there is a growing body of opinion within the government which believes that, just as oil is the last chance Mexico will have to bolster its weak economic structure and strengthen the state so the timid political reforms represent perhaps the last opportunity to save Mexico from the political unrest so abundant in other Latin American countries.

The PRI is an extremely complex, deceptive and labyrinthine organisation. Founded in 1929, after the 1910 revolution which overthrew the dictatorship of Porfirio Diaz with labour, agrarian, popular and military wings (the military one has since disappeared), it aimed to unite the different sectors of the population in the name of social progress. It also aimed to avoid any further revolutions and the turbulence which followed the immediate years after the revolution.

There is a growing body of opinion within the government which believes that the timid political reforms represent perhaps the last opportunity to save Mexico from the political unrest so abundant in other Latin American countries.

The name of the party gives some idea of the contradictory thinking of the party's fathers. Revolutionary change had to be institutionalised and open conflict avoided. Further revolutions have been avoided. But given the huge problems such as unemployment and underemployment running at over 50 per cent, one of the most unequal income distributions in the world and a population increasing at the rate of 3.5 per cent annually—how much longer can this last.

The PRI of today is a far cry from the days of General Lazaro Cardenas, who nationalised the country's oil industry and carried out democratic reforms. "I know of no other government which lies so much," claimed Sr. Herberto Castillo, leader of the Mexican Workers Party.

Certainly there can be few parties in the world, except perhaps in the Communist bloc, where the gulf between what is said and what is done is so vast. Contradictory revolutionary rhetoric embellishes official speeches and adorns newspapers. We can no longer go on conning people, said one high PRI official and close adviser to the President. The constitution is socialistic yet all governments since 1940 have been highly conservative, and made the private sector immensely rich.

The PRI now accepts that many people have been corrupted by the organisation. Radical student leaders are given tempting posts after they have finished protesting in the universities and a few "opposition" parties with high sounding names, like the Party of the Authentic Revolution, are represented in the chamber of deputies through a system of proportional representation to give a semblance of resistance to the government.

The ruling elite has been remarkably successful in controlling dissent. Sr. Castillo, probably the most respected opposition leader in Mexico, is a case in point. When he came out of prison in 1971 after spending over two years in goal without trial for allegedly helping to mastermind the 1968 demonstration, which resulted in police and troops shooting dead over 300 people, the Government offered him limitless funds to form his own political party in the hope of taming him. Sr. Castillo turned down the offer.

Then in 1968 there came a crisis of conscience as Sr. Lopez Portillo said in his annual state of the nation speech in September. Until 1968 we only looked at the achievements of the Mexican Revolution (the revolution of 1910), added the president. Now an attempt is being made to look at the failures and Sr. Lopez Portillo gives every impression of wishing to end what has become a corrupt system. But he is facing considerable resistance from within the PRI elite, whose privileges are threatened.

"The President does not want a fictitious opposition," said one of his close aides. "Sr. Lopez Portillo is hoping that the pent up frustration of the many people who have been neglected will be channelled into a reformed PRI, so strengthening it."

The Secretary General of the PRI is the President's man. But the president of the party is not. He is a left-over from the previous administration. In previous administrations the President has always managed to have his man as PRI president, but Sr. of the Confederation of Mexican pletion of a third of his six-year term of office, has not yet achieved this. Similarly, the head of the onfederation of Mexican Workers (CTM), Fidel Velazquez—who has held the post since 1949—is still in power. Though there are now moves for a change. The CTM is the most powerful sector of the PRI.

"Our main problem," says Sr. Castillo, who claims that his party is being discriminated against because it will not be registered in time for the elections, "is just trying to convince people that what we are saying is true. The people have listened to so many lie sfor so many years that it is not surprising that no one believes us when we say that we will cary out reforms."

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OVERSEAS NEWS

Iran announces exchange controls to meet worsening economic crisis

BY ANDREW WHITLEY TEHRAN, Nov. 8.

FOREIGN EXCHANGE controls were formally announced in Iran today—the first practical measure taken in recent months to come to grips with a deteriorating economic situation.

With no sign of an end to the strike in the oil industry, well-informed sources said that yesterday's production from the main Khuzestan field was 1.1m barrels and was split equally between domestic and foreign outlets.

Industry experts calculate that a continuation of the strike until the end of the year could cost Iran nearly $3bn in lost revenue.

Speaking after a meeting of the country's top economic policy-making body, Mr. Yussef Khoshkish said today that individual foreign transfer would be limited to $20,000 twice a year. There would be exceptions for students, pilgrims and those going abroad for medical reasons, while applicants for further facilities, would have to make their case to the High Economic Household.

The appointment of five more civilian ministers to the military-dominated Government was announced today. They include three men carried over from the Government of Prime Minister Jaafer Sharif-Emami, which resigned on Sunday.

An economist and senior official, Mr. Ahmed Memarzadeh, was named as the new Commerce Minister.

The man brought in as Minister of Justice in the last days of the Sharif Emami administration, Mr. Hossein Najafi, keeps his post—one which is likely to prove controversial as the promised trials of top figures accused of corruption and maladministration get under way.

Tehran itself has been quiet for the first time in four days; but with the military grip remaining as tight as ever, and fears of demonstrations and potential clashes, tomorrow, business is almost non-existent.

In the provinces the martial law authorities have tightened the night-time curfew in several towns, including Kazeroun, Jahrom and Shiraz.

Amid indications of continuing disturbances in many parts, the Opposition National Front is claiming that five people were killed in the troubled city of Zanjan, west of Tehran, yesterday. Five others are believed to have died in the holy city of Qom.

Formal confirmation of foreign exchange control from the CBI confirms the de facto limits that a number of commercial banks have been placing on transfer requests for some weeks now.

Most banks were receiving requests for about $5,000 a week. Among those known to have applied limits were the Bank of Iran and the Middle East, the Irano-British Bank and Bank Etebarat.

Today's announcement did not clarify the position as far as the commercial repatriation of profits is concerned. But Iran is known to have been most concerned by the private flight of capital, estimated at $1.5bn since the end of June.

Meanwhile, management in National Iranian Oil Company and the Western-owned Oil Services Company of Iran, which operates the Khuzestan field, appear to have dropped their tough approach towards ending the three-week-old strike in favour of pacification. An appeal to return to work "in the interests of Iran" may be made shortly.

Rhodesian minister resigns

By Tony Hawkins

TRIBAL TENSIONS within Rhodesia's biracial transitional government surfaced today with the resignation of Chief Kayisa Ndiweni, 61, Minister of Internal Affairs in the interim administration and a prominent member of the minority Ndebele tribe.

Announcing his resignation from the interim government and as deputy leader of Chief Chirau's Zimbabwe United Peoples Organisation, Chief Ndiweni said he did not believe that the proposed new constitution would provide adequate representation and safeguards for the minority Ndebele tribe which accounts for some 14 per cent of the country's 6.8m blacks. His resignation follows demands by Ndebele members of the transitional government for a system of "reserved seats" for the Ndebele people in the proposed Zimbabwean parliament. The Natabelee people the Ndebele and the associated Kalanga tribes, which account for almost one fifth of the black population are demanding that the 72 African seats in the 100-seat assembly be split equally between the Shona majority who form about 80 per cent of the black population and thé Matabele minority.

The Ndebele is the most cohesive and united tribal group in Rhodesia — though far from being the largest. Its popular leader is Mr. Joshua Nkomo, co-leader with Mr. Robert Mugabe of the Patriotic Front guerrilla alliance, and this means the tribal rift within the transitional government has considerable importance. Earlier this year Chief Ndiweni appealed to Mr. Nkomo —on behalf of tribal leaders in Mataheleland — to return to Rhodesia. The Transitional Government agreed to nominate a Ndebele leader to become the fifth member of the four-man executive council.

The Ministerial Council meets on Thursday to try to resolve the dispute and the chief's resignation today implies that he is unhappy with the formula which is expected to be accepted.

Coming when the renewal of the sanctions is being debated at Westminster, the Ndiweni resignation is very embarrassing. Already the interim government has been seen to be split on the timing of elections, on the question of the conscription of young blacks into the Rhodesian forces prior to the implementation of majority rule and on the issue of whether or not sanctions should be lifted immediately or only after majority rule.

UAE will continue aid to Egypt

BY KATHLEEN BISHTAWI ABU DHABI, Nov. 8.

THE UNITED Arab Emirates says it will continue its present high level of aid to Egypt even if the terms of the Egyptian/Israeli peace treaty prove unacceptable.

A UAE Foreign Affairs official declared "Egypt is an essential part of the Arab world and a useful member of its society. We intend to continue aid."

The official made it clear that the flow of investment and soft loans would continue even if the terms were politically unacceptable to both the UAE and other Arab states.

The UAE felt that to boycott Egypt either diplomatically or economically would only accentuate the chasm which exists in the Arab world. "Arab solidarity is shattered enough. We would prefer to keep Egypt in the Arab camp."

Nevertheless, it believed that the headquarters of the Arab League would have to be transferred out of Cairo in the event of full diplomatic relations being established with Israel. A questionmark also hangs over the future role of the Arab Organisation for Industrialisation, but this problem was going to be tackled at a special meeting in Saudi Arabia next month.

Abu Dhabi is currently financing nearly $100m of Egyptian projects in the power, fertiliser and hotel sectors. It is also helping to pay for the modernisation of the Suez Canal and contributes 15 per cent of the $2bn Gulf Fund for the Development of Egypt.

The Gulf States feel that whatever is the outcome of the Washington peace talks, they are going to suffer. Many of them have large Palestinian and Egyptian communities working in both the Government and private sectors.

The UAE said it had a special relationship with Egypt. One reason why this was going to be maintained was that Egypt provided thousands of teachers, doctors and administrators to the UAE government as well as workers in the private sector. "We want to continue to rely on their expertise," said the official.

The UAE is particularly vulnerable to such considerations as Egyptians are believed to outnumber the Palestinians in the country. So sensitive is the subject of the population make-up that no analysis of it has ever been published.

Such consideration may also influence the policies of the other tiny, rich states of the Gulf. Qatar, too, has thousands of Egyptians and Palestinians working in Doha, and Kuwait's Palestinian community is estimated to be nearly a quarter of the total population. Ominously, during the Camp David summit there were strikes in various sectors of the economy by Palestinian workers in Kuwait.

Sadat 'seeks $15bn from U.S.'

BY ROGER MATTHEWS CAIRO, Nov. 8.

PRESIDENT ANWAR SADAT of Egypt is looking for up to $15bn from the United States over the five years following the signing of a peace treaty with Israel. As two of Mr. Sadat's senior negotiators, Mr. Boutros Ghaly, the acting Foreign Minister, and Mr. Osama El Baz, his Under Secretary, left today for Washington to continue the talks with Israel, the Cairo semi-official daily Al Ahram reported that the Egyptian leader was seeking the equivalent of a Marshall aid plan that "would perform miracles for the country."

Quoting an interview that President Sadat gave yesterday to U.S. a newspaper, Al Ahram said that the extensive financial assistance would be used to solve Egypt's economic difficulties, including the building of new towns and improving telephone, electricity and water services.

The U.S. is understood to have already committed a total of $1.3bn in various forms of assistance to Egypt next year, an increase of $300,000 over 1978.

In a separate interview, Mr. Sadat told reporters that Egypt would not sign any agreement with Israel that failed to outline precisely a timetable for negotiations with Palestinian leaders. These negotiations would lead to Palestinian autonomy on the Israeli-occupied West Bank of the Jordan and the Gaza Strip.

"Such a link is essential. I am not after a separate or partial agreement, I am after peace," said Mr. Sadat. He added that Egypt's priority was the establishment of a solid link between the peace treaty and a comprehensive Middle East peace.

However, even if some form of linkage was achieved on paper, and the Israelis are strongly opposed to it, there is little chance of its implementation following the Arab summit meeting that concluded in Baghdad.

Despite Mr. Sadat's strong words, few people here doubt that he will sign the peace treaty with Israel shortly.

Amin offers to withdraw from Tanzania

BY JOHN WORRALL NAIROBI: Nov. 8.

PRESIDENT AMIN is ready to withdraw his troops from Tanzania. He anounced the move today at a meeting in Kampala of diplomats, ministers and permanent officials. The President's speech was broadcast over Uganda Radio.

He said the withdrawal was conditional on a guarantee from the chairman of the Organisation of African Unity, President Nimairi of Sudan, that Tanzania would no longer invade Uganda or support Ugandan exiles in Tanzania.

Ugandan forces at present occupy some 700 square miles of Tanzanian territory along the Kagera River and have blown up a bridge across the river.

After claiming that Tanzania had invaded Uganda President Amin moved troops and Russian tanks across the border into Tanzania a week ago.

Whether there was in fact, any Tanzanian invasion has been a matter for speculation. President Julius Nyerere of Tanzania said the report was "absolute rubbish."

It is believed that Amin moved some 3,000 troops into Tanzania. Tanzania labelled him "a modern-day Hitler," and has been mobilising forces for a counter-attack.

Early today Uganda Radio said Tanzanian forces were shelling Uganda across the Kagera River, near the Rwanda border. It was reported that the Tanzanians had moved about 10,000 troops up to the river and were about to cross a bridge situated in the Marama hills.

INDOCHINA

The treaty that could lead to war

BY DAVID HOUSEGO, ASIA CORRESPONDENT

TREATIES of Friendship with the Soviet Union have an unhappy history in Asia.

Only a few month after India sought Russian help in 1971 through a Treaty of Friendship, it was at war with Pakistan over the secession of Bangla Desh. Iraq signed a similar treaty the following year to secure a flow of arms and Russian protection before it embarked on a major military operation to wipe out the Kurdish rebels on its border with Iran.

There is now a sense of foreboding in South East Asia that the Treaty of Friendship that Vietnam signed with Russia last week could be the prelude to heavy fighting in Indochina in the coming weeks: and that befor it erupts the Vietnamese wanted to demonstrate to the world—and to China in particular—that they have the full backing of the Soviet Union.

The pivot of the conflict between the Communist states of Indochina—which is also now drawing Russia and China into a potentially dangerous clash in the region—is the future of Cambodia.

The Chinese seem deeply embarrassed by the barbarities of the Pol Pot regime and appear to be reconsidering their commitment to Phnom Penh. But they equally see Pol Pot, or at least an independent Cambodia, as a crucial safeguard against an expansionist Vietnam. To the Chinese, Vietnam with whom they have long standing historical squabbles, is already too powerful in Indochina through its domination of Laos and its close links with Russia.

The Chinese have support in their goal for a neutral Cambodia from Thailand and other states in South East Asia. For Thailand, Cambodia has been a traditional buffer state against Vietnamese ambitions. The other members of the five-nation ASEAN group are fearful of an excessively powerful Communist Vietnam.

To Vietnam, the quarrel with the Khmer Rouge regime in Cambodia—once their allies in the war against the U.S.—has seemed an unnecessary distraction from their post war efforts at reconstruction. It has its roots in rival border claims compounded by ideological hostility since both gained independence.

It has come to a head with what is now a blatant attempt by Vietnam to bring down the Cambodian regime of Prime Minister Pol Pot and replace it by one that is either more amenable to Hanoi or directly under its influence. The coming weeks are crucial in that after months of sporadic border fighting that has taken a heavy toll of casualties on both sides the receding of the flood waters in Indochina will make possible heavier ground attacks.

The Vietnamese now have 60-80,000 troops on Cambodia's border with a further 20,000 already occupying territory up to 20 miles within the frontier. Russian advisers in the country have been doubled to about 4,000 are are expected to increase further with the signing of the Treaty. The key phrase in it is that if either party are attacked, both shall take "appropriate and effective measures" to safeguard their security. The Russians have also taken over most of the aid projects abandoned by the Chinese.

Cambodia has an army estimated at 60,000 but which may be much weakened by internal revolts. The number of Chinese advisers has increased to nearly 20,000. The present visit of vice-premier Teng Hsiao-peng to South East Asia was intended to offset Soviet influence and increase China's friends—though paradoxically it also hastened the Vietnamese into signing the Treaty. China's commitment to Cambodia has been further underscored this week by pledges of support for its independence from Vice-Chairman of the party Wang Tung-tsing who has been visiting Cambodia.

Most western observers believe that the Vietnamese are unlikely to push their troops to an all out offensive to capture Phnom Penh. This would be an example of aggression that would undo the good will that Premier Pham Van Dong attempted to build up on a visit this month to the ASEAN states. The more likely tactic is to try to grind down Cambodia's armed forces through border attacks while encouraging an insurgency within Cambodia itself. About 25,000 Cambodian guerrillas are believed to have received training in Vietnam.

The anticipated campaign will be a test of the readiness of both China and Russia to support their proteges in the region. For the Chinese this poses a more serious difficulty because of the unpopularity of the Pol Pot regime and the problems China has in physically ferrying military equipment to Cambodia. So far, China's most powerful weapon has been to maintain pressure on Vietnam's border. Fear that this could turn into a serious conflict was undoubtedly one reason why the Vietnamese turned to the Russians for help and why the Russians made such an ostentatious display on Tuesday of having the Vietnamese leaders beside them on the reviewing platform in Moscow for the military parade marking the anniversary of the revolution.

Though the ASEAN states obtain some immediate satisfaction from watching the squabbles of the communist states of the region and their more powerful patrons, the deeper fear is that such rivalry will spill beyond those now concerned. It was largely this fear—and the possibility that Indochina could once again become the focus of rivalries between the great powers—that lay behind the action of the U.S. last week in drawing the attention of the UN to the growing risks of a conflict between Vietnam and Cambodia.

Mrs. Indira Gandhi

Janata jolted by Gandhi poll win

By K. K. Sharma NEW DELHI, Nov. 8.

A TRIUMPHANT Mrs. Indira Gandhi, who was returned to Parliament today by the large majority of 77,333 votes from the Chikmagular constituency in Karnataka state, was cheered by crowds of supporters who thronged her residence here throughout the day.

The margin of her victory over her Janata Party rival, Mr. Verendra Patil, has clearly jolted the ruling party whose leaders campaigned vigorously to defeat the former Prime Minister. Coming after her Congress Party's win in the Azamgarh parliamentary by-election in Uttar Pradesh a few months ago, observers see it as a demonstration of growing disillusionment with the squabbling Janata Party.

Significantly, the Janata party made Mrs. Gandhi's emergency rule the main issue in the Chikmagular by-election. The emergency did not have as much impact in south India — where Mrs. Gandhi's party did relatively well in the 1977 general election — and this is the main reason why she chose to contest a seat in Karnataka rather than in the northern states where she is still uncertain about her popularity.

However, her victory is being claimed by her Congress Party as a public endorsement of Mrs. Gandhi's decision to impose the emergency in 1978. They also say that the "political persecution" of the former Prime Minister should stop, suggesting that the charges of corruption and abuse of power arising out of the Shah Commission's investigation of the emergency should not be pursued.

There is no indication, however, that the Government plans to drop the charges. In fact conscious that Mrs. Gandhi's constant effort has been to politicise the charges, Mr. Shanti Bhushan, the Law Minister, last week announced Mrs. Gandhi will be prosecuted by the end of this year. Mrs. Gandhi herself said today that the Janata party "are going to do their worst. This (the election victory) will not deter them."

She also told reporters that she is not interested in becoming leader of the opposition, a comment that cannot be taken seriously since this is widely considered to be her aim. The present leader of the opposition, Mr. C. M. Stephen, who is a member of her party, has already announced his decision to step down in her favour.

Parliament's next session begins on November 20 and Mrs. Gandhi is expected to become leader of the opposition soon after she is sworn in as a member of the Lok Sabha (Lower House of Parliament).

This will make it difficult for the Government to take the action against her which it has said it plans. To prosecute Mrs. Gandhi as a discredited Prime Minister is one thing, but to take action against the leader of the official opposition who has an impressive election victory to her credit is another. This is especially so now that the Janata Party's popularity is plummeting.

Mrs. Gandhi leaves for London at the weekend for a ten-day visit. She has gained special permission to make the trip from the courts where she faces several charges. Ironically, the government has given her a diplomatic passport.

Mr. Chandra Shekhar, the Janata Party president, said today that Mrs. Gandhi has an opportunity to demonstrate that she has given up "her authoritarian style" of action. He hoped she would work for strengthening democratic and parliamentary institutions.

He and other Janata leaders ruled out any threat to their party from Mrs. Gandhi or any outside quarter. If "there is any threat, it would be because of lack of performance of the Janata Party"—a feeling that is shared by many.

The Janata leadership, however, has clearly been taken aback by the margin of Mrs. Gandhi's victory in a by-election that made a prestige issue. Their fear is that she will begin an image-making exercise in India and abroad. While there seems no immediate danger to the government, the Janata is conscious of the need to improve its image by stopping the squabbling within its ranks that has been going on for many months.

Mrs. Ghandi's party is the official opposition in Parliament, with 75 members in a house of 524 members, and she is thought likely to try to attract not only other opposition parties to her side but also some segments of the Janata Party.

WORLD TRADE NEWS

French shipyards get $81m to secure Polish contract

BY DAVID WHITE PARIS, Nov. 8.

THE FRENCH Government is strengthening its efforts to attract new orders for the country's shipyards and to find alternative occupations for shipbuilding workers threatened with redundancy.

M. Joel le Theule, the Transport Minister, said the Government was ready to provide subsidies of FFr 350m ($81m) to secure an expected Polish order for four roll-on roll-off vessels. This subsidy would be equivalent to about 32 per cent of the price —considerably higher than the customary level of French state aid for the industry.

The Government is currently spending about FFr 1.5bn a year in shipbuilding subsidies.

At the same time, M. le Theule gave details of a series of orders from the public sector, worth about FFr 400m.

France, he said, in response to questions in the Senate, had come through the shipbuilding crisis with relatively little damage so far. The workforce at the main shipyards had been reduced from 26,600 in 1976 to 21,200, involving only limited redundancies, he said.

But, M. le Theule warned: "It is not reasonable to envisage this sector of activity keeping up the same level of production as in previous years."

The main emphasis of the Government's approach is the creation of new jobs in the main shipbuilding areas of the Atlantic coast and the Marseilles region.

The Minister said the Government had discussed with the companies concerned the possibility of sub-contracting part of the work on the next generation of the European Airbus to shipbuilding companies.

The FFr 3bn fund recently set up by the Government to create alternative industry in crisis-hit sectors would be directed especially at these two areas.

The Government was also pressing for a reorganisation of the shipyards and M. le Theule confirmed that it favoured merging the five or six main shipbuilders into two groups.

The two main bases would be Dunkirk, where the Empain-Schneider group has its main shipyard, and Saint-Nazaire, the home of Alsthom-Atlantique. Both these operations are backed by diversified engineering groups.

The industry is pressing for stronger Government intervention to face up to the crisis, in which orders received by yards in the last 12 months suffice only to maintain a quarter of their normal level of activity.

Italian refiner to import Chinese oil

BY RUPERT CORNWELL ROME, Nov. 8.

IN WHAT is said to be an unprecedented move, a European company has contracted to import directly a quantity of oil from China. Hitherto China's exports of crude have gone to Japan, other Far Eastern buyers, and Brazil.

The concern in question is the small Genoa-based independent refiner Garrone. The oil, 100,000 tonnes in two equal shipments, the first of which has already been loaded at the port of Tsing Tao, would be worth around $10m at current world prices.

The significance of the deal, apart from the evidence it offers of China's willingness to export more widely from its considerable reserves of oil, lies in its timing.

Meanwhile, a West German producer of synthetic leather and related products, Konrad Hornschuch, has agreed in principle to set up two factories in China to make adhesive foils and artificial leather costing the equivalent of about $21m, AP-DJ reports from Hong Kong.

This is believed to mark the first time a major West German company has taken advantage of China's new policy of accepting compensation trade.

M & S Tokyo stores deal

BY COLLEEN TOOMEY

MARKS AND SPENCER opened up another major export frontier this week with export orders to Japan totalling £1m, it was confirmed yesterday.

In an exclusive import deal with Daiei, Japan's largest chain store and retailer, M and S received further orders for its St. Michael brand clothes worth more than £500,000. In August, Daiei bought a range of ladies', men's and children's clothes worth £500,000 to sell on a trial basis in som eof its major stores.

M and S clothes will now be sold in all of Daiei's 146 major stores and is the largest importing contract undertaken by the Japanese store. Daiei said this week that by 1981 it expects sales of M and S clothes to total around £4m.

There has been only one "hitch" in an otherwise smooth exporting operation. Some of the clothing sizes are too large for Japanese customers and Daiei is offering an alteration service.

India requests UK aid

BY K. K. SHARMA

INDIA IS hoping to be able to use unutilised British aid to finance a new steel plant. A request has been made by Mr. Biju Patnaik, the Steel Minister, to Sir Frederick Catherwood, chairman of the British Overseas Trade Board to find out whether British aid could be used for this purpose.

Sir Frederick is currently on a visit to India to explore the possibilities of increased trade between the two countries.

Such a decision would inevitably have to be taken at a Ministerial level in London, or higher, as it represents a departure from the present form of British aid to India.

India gets the largest amount of British aid—about £144m—but usually finds it difficult to identify projects.

BOTB to increase charges

Financial Times Reporter

THE BRITISH Overseas Trade Board (BOTB) is to increase its charges for a range of its export services, the first of which will come into force on January 1.

Charges to companies exhibiting in trade fairs overseas under the board's Joint Venture Scheme will be increased from April 1 to £18 a square metre for inside space and £9 a square metre for outside space. Companies exhibiting at British Pavilions will face charges of £40 a square metre from April 1, and £20 a square metre for outside space.

The cost of the Export Intelligence Service will rise from January 1 to 30p for each card with a minimum prepayment of £45 (for 150 cards).

The participation fee for the British Export Marketing Centre in Tokyo will be increased to £300 from April 1, and from January 1 there will be a charge of £50 in finding overseas partners for manufacture under licence arrangements.

Racal Spanish accord

Racal is to join forces with the Spanish Government-controlled company Equipos Electonicos of Madrid to manufacture £8m worth of military radio equipment Max Wilkinson writes. The contract is for the production of Racal's 349 Clansman Radio, and a three year manufacturing programme will start from next spring in Madrid.

Saudi sports complex

NYA Asfalt, the Swedish construction company, has received a $62m order from Saudi Arabia for the construction of an extensive sports ground complex in the south west of the country John Walker writes from Stockholm. Work is to start immediately and is expected to be completed at the end of two years.

Japanese semi-conductor mission to U.S.

BY YOKO SHIBATA TOKYO, Nov. 8.

EIGHT MAJOR Japanese semi-conductor manufacturers will send a mission to the U.S. on Saturday to refute increasingly emotional American criticism of Japanese semi-conductor sales in the U.S.

The Japanese mission consisting of Nippon Electric, Hitachi Machinery, Tokyo Shibaura Electric (Toshiba) Fujitsu, Mitsubishi Electric, Tokyo Sanyo Electric, Sharp and Matsushita Denshi Kogyo, will be headed by Mr. Toshio Kuho, deputy president of Hitachi Machinery.

The mission will try to probe the source of friction, which has developed into a so-called "Japan-U.S. semi-conductor war," and point out that semi-conductor trade between the two countries last year greatly favoured the U.S. — a Y13.26bn (£35.65m) surplus in 1977 and a Y5.3bn surplus for the first six months of this year.

The Japanese mission is scheduled to have a meeting with American manufacturers in Pal Aalto, the centre of Silicon Valley, where American manufacturers will hold a meeting to protest at Japanese semi-conductor sales two days later.

According to the Japanese, the U.S. criticism results from prejudice and misunderstanding. A mission spokesman said: "American manufacturers have become very cautious, since the Japanese manufactures, as late-comers in this field, are quickly catching up on them—a situation reminiscent of colour TV or CB (Citizen Band) radio imports, which led to the demise of American industries.

Japan's semi-conductor exports to the U.S. in 1977 increased by 18 per cent to Y39.2bn, while imports from the U.S. declined by 9.2 per cent. In the first six months of this year, Japan's exports rose by 23.8 per cent to Y17bn, while imports from the U.S. rose by only 3 per cent to Y22bn.

SRI LANKA

Free zone gets off the ground

BY MERVYN DA SILVA IN COLOMBO

SRI LANKA'S free trade zone heralded by President J. R. Jayewardene, the successor to Mrs. Bandaranaike, as a major step towards boosting private investment, gets under way on November 15. The first two factories are due to open then, fortuitously and hardly coincidentally, the same day that the Finance Minister Mr. Ronald de Mel presents his budget.

The factories have been constructed on a small (200-acre) investment promotion zone at Katunayake near Colombo's airport. This area, which will eventually expand to 570 acres, represents the first testing area for the free trade zone which is projected to enclose ultimately 200 square miles.

The completion of the factories is a major success for the Government which has had to face both sharp opposition criticism and considerable scepticism from the business community for their plans for the zone, a major plank in the Government's economic strategy.

The zone, referred to by President J. R. Jayewardene, when attempting to encourage foreign investors as a "capitalist robber barons paradise," offers Sri Lanka's cheap labour and central position to attain the hope of becoming a "second Singapore."

The first two factories are an indication of the sort of industries being attracted. Both will produce ready made garments exclusively for the U.S. market. The investment for both comes from Hong Kong based companies, the bigger of which is I. M. K. Browns.

According to the head of the Greater Colombo Economic Commission, exports from the two factories will start by the end of the year. Director General Upali Wijewardena says 46 projects have been approved so far and eleven more factories will be in full production by the end of 1979.

The approved projects—probably taking advantage of spare quotas—include garments (23), various rubber products made from Sri Lanka's indigenous supply (4), textiles (2) and footwear (2). In addition there are other projects involving sailing craft, fishing gear, glass, packing materials, tea bags, industrial chemicals, leather goods and cashew processing.

The total investment involved in the 46 projects so far approved is Rupees 1.6bn ($100m), of which foreign investment accounts for about one third. One of the biggest investors is the French concern, Creusat Loire which is putting FFr 17m into a sheet glass factory.

The countries now with industries participating in the zone are Hong Kong (whose figure of 14 hides several American subsidiaries), the U.S. (with eight), West Germany, Britain, France, India, Norway, Iran, Dubai, Singapore, Thailand, Belgium, Switzerland, Malaysia and South Korea.

The lack of heavy industry and sophisticated technology concerns is obviously being felt. Mr. Wijawardena regretted that no multinational corporation had invested in the zone. Only one electronics company — Harris Semi-conductors of the U.S.—had shown any interest. He also thinks the lack of a liquid nitrogen plant is a drawback.

Although some companies are being allowed to supply both the local and export markets, in future the former will only be open to investors in exceptional cases. To continue the attractiveness of the scheme the Economic Commission has extended the tax holiday from five to seven years, and a standing committee will examine the possibilities of extending this to 15 years.

The main criteria for getting projects approved are employment, the introduction of new technology and foreign exchange income. Political opposition to the free trade zone has largely ignored these plus points and attacked its so-called "open invitation to exploitation by multinational companies," and the erosion of sovereignty caused by giving investors special safeguards in the constitution.

However, the Jayewardene Government has taken a firm line in discouraging protest and 17 trade unions called off a one day general strike planned for last month.

Suzuki joins fight for UK car market

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

ANOTHER JAPANESE motor manufacturer, Suzuki, is to start selling cars and light vans in the UK early next year, in spite of recent pressure on the Japanese industry to restrict their efforts here.

Suzuki's plans can be expected to cause considerable consternation to the well-established Japanese car importers, because the previous pattern has been for them to give up some of their shipments to make room for a newcomer.

This is what happened when Suburu imports began just over a year ago.

At the same time, the Society of Motor Manufacturers and Traders, having made a big issue of the way sales of Japanese light commercial vehicles have shot up in recent months, will not be pleased to see another Japanese van make its appearance in the UK.

Suzuki is best-known for its motorcycles, and its plans to introduce four-wheeled vehicles are still a little vague. But the company said: "We expect the first shipments in January or February and we are setting up a motor division to handle them."

The Suzuki importing company, owned by the privately-controlled Heron Motor group, said "a limited number" of four-wheel-drive LJ80 recreational and farm vehicles and ST80V light delivery vans would be imported. They are powered by a 500 cc. four-stroke, water-cooled engine.

Suzuki is the smallest of the car makers in Japan, with an output last year of 55,888 units—against 1.88m from Toyota and 1.6m from Nissan-Datsun. A total of 3,651 were exported, a 138 per cent increase on the previous year, and an illustration of the way the company is building exports from a small beginning.

News of the Suzuki venture comes in the wake of two days of talks between the SMMT and the Japanese Automobile Manufacturers Association (JAMA) which resulted in the Japanese giving an undertaking to continue their "prudent" approach to the UK market.

Meanwhile, Datsun, the main Japanese car importer and the most militant against a continuation of voluntary restrictions, said last night it would delay a 7 per cent price increase due for November 15, "for at least another three months."

This would help Datsun dealers, who go into next year very short of new cars, "and enable us to keep face with customers who want new Datsuns and are prepared to support us by waiting for the delayed delivery of their ordered cars."

Other Japanese cars are going up in price, however. Honda is implementing an increase this week which varies from £70 at the bottom of the range, for the Civic three-door—now £2,745—to £126 for the Accord automatic four-door—now £4,375.

Spurious bank used in fraud

BY CHRISTINE MOIR

A FORGERY trial which ended yesterday at the Old Bailey revealed "only how dangerously easy it is to get hold of spurious companies and perpetrate fraud," according to Judge Mrs. Nina Lowry.

Judge Lowry made her remarks in sentencing Mr. Joseph Khalife, a Lebanese businessman, to three years imprisonment on each of three charges involving conspiracy to forge bank certificates of deposit. The sentences are to run concurrently.

Last week Mr. Khalife's co-defendant, Dr. Heinrich Peter Unterlaggauer, pleaded guilty to similar charges and received a one-year sentence. It was recommended that he should be deported.

The cases of both men involved a "spurious bank" known as European and Arabian Bank, registered in Anguilla, which was used to issue worthless certificates of deposit with a face value of more than $7.4m for the purpose of acquiring five hotels in Spain.

The proceedings also referred frequently to similar events involving a sister bank, International Banking Corporation, whose principal, Dr. Felico Morella, was jailed for three years in June.

Recent banking law changes have banned companies from using the word "bank" in their titles without permission and vetting from the Department of Trade.

At the beginning of the year, however, the City of London fraud squad said that it was investigating more than 100 cases of banks thought to be bogus where there had been alleged frauds worth £115m.

Mail order code of practice launched

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

A CODE of practice to protect the 15m people who use mail order catalogues each year was inaugurated yesterday by the Mail Order Traders' Association after consultation with the Office of Fair Trading.

The code will give mail order catalogue customers more protection when buying goods, which they cannot see or handle first.

Mr. Gordon Borrie, director-general of Fair Trading, said that although 600,000 purchases were made each day by catalogue customers, very few complaints were made to the Office. "Here we have an example of an industry—part of which has very high standards—striving to do even better."

About 10 per cent of the total number of complaints received by the OFT are from people who have been defrauded or received inadequate service from mail order purchases made through newspaper and magazine advertisements.

Mail order traders who operate through such advertisements are the third-highest category of traders who have been forced to give the Office assurances of good behaviour under the 1973 Fair Trading Act, Mr. Borrie said.

The Code covering the mail order catalogue trade—the 14th code of practice agreed by the OFT since it was set up five years ago — completes the schemes which the Office has helped bring in to protect people when they buy by post.

Under the new code, all goods are sent to customers "on approval" and they have 14 days in which to change their minds.

Mortgage rate decision likely to be delayed

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

BUILDING societies are not expected to recommend an increase in interest rates when they meet in London tomorrow, although higher rates may be only a few weeks away.

The Council of the Building Societies Association convenes in the wake of last week's increases in lending and deposit rates by the major banks, but the consensus among societies appears to be that a decision to follow them may be premature.

There is just a chance, however, that a substantial increase to-day in Minimum Lending Rate could encourage the societies to go for an immediate increase rather than wait until December.

Societies are now enjoying a reasonably high inflow of funds. Net receipts last month are thought to have risen to about £370m, the highest monthly total since January, and receipts this month could remain over the £300m mark.

But for most of this year, the societies have been forced to draw heavily on liquid funds to try to meet even the reduced lending levels first agreed in March with the Government. As a result, average liquidity levels in the movement will have fallen to about 17½ per cent by the end of 1978, against 21 per cent at the beginning of the year.

More significantly, they believe that, despite the recent improvement in receipts, the outlook is not encouraging, and that their own interest rates are due for another increase if a high inflow—and a high mortgage lending programme—is to be continued.

Mr. Peter Shore, Environment Secretary, yesterday told the House of Commons, more home loans are being granted than ever before—602,000 in the first nine months—and societies are anxious to maintain the momentum next year.

Mr. Tim Timberlake, chief general manager of the Abbey National Building Society, said societies could no longer continue to finance such high lending levels from liquid funds and that, if the housing market were to operate smoothly, they would have to attract an increase flow of investment.

Mr. Timberlake, who did not actually call for an increase in rates, will be supported by many people within the movement. Most societies will want to see how receipts are affected by the banks higher rates. The Woolwich Building Society said yesterday it would prefer to wait until December before making a decision.

The mortgage rate last went up in June, from 8½ per cent to 9¾ per cent, while the ordinary investors' rate rose to 6.7 per cent, equivalent to 10 per cent to savers paying the basic rate of tax. The major banks are now offering between 8½ per cent and 9 per cent on deposits.

Paintings fetch £195,450

FOREIGN BUYERS were much in evidence at Sotheby's sale of old master paintings in London yesterday, which totalled £195,450.

Beckmann, Germany, gave the highest price, £8,500, for a work by Ludolf Bakhuizen of sailing ships in a stormy sea. A private German buyer paid £5,200 for a portrait of a lady, possibly the Marchesa Lomellini-Durazzo, by Sir A. van Dyck. A still life by Monnoyer went for £5,200 and a Dutch private buyer was successful with £5,000 for a still life by J. Junckar.

Japanese works sold through the same house fetched £143,410. Kyoto Bisho, Japan, bought an early Kakimon jar for £7,400

Sotheby's Belgravia held a sale of English furniture and English and Continental bronzes, works of art and other items *which reached £66,112. The top* price was £8,000 (well above estimate) for a bronze St. George and the Dragon by Sir Alfred Gilbert.

SALEROOM

BY PAMELA JUDGE

Valuable books and a few manuscripts made a total of £119,718 at Christie's. The startling price of £60,000 was given by Clifford E. King, London, for a treatise requested by Henry VIII when he was seeking grounds for divorce from Catherine of Aragon. Perhaps the oddest buy was a collection of 19 17th century song-books which went to McNutt, London, for £2,800.

Britannia Arrow executives resign

BY EAMONN FINGLETON

MR. BRIAN BANKS resigned yesterday from the Britannia Arrow group—formerly Slater Walker Securities—to set up his own investment management company. Five other top executives from Britannia are joining him in the new enterprise.

Announcing the departures yesterday, Britannia said its future was secure and it hoped to pay a dividend on its ordinary shares next year for the first time since 1975. Britannia is paying £720,000 in dividend arrears on its preference capital.

Mr. Banks's move ends the last major link between the company's old role as financial conglomerate and its new one as purely a unit trust and investment services group, for he was the only remaining director of *Britannia from Slater, Walker* days and he played a major part in nursing the group through financial difficulties after Mr. Jim Slater resigned in 1975.

Mr. Banks's new company, Tower Fund Managers, will initially concentrate on managing investment portfolios of £25,000 or more. It hopes to establish soon a range of specialist unit trusts. Joining him in the new company are Mr. Jim Nichols, Mr. Eric Farrell and Mr. Roger Porter, who are resigning as directors of Britannia Financial Services, and two further Britannia executives, Mr. Nick Bancroft and Mr. Nigel Slade.

TI in joint clutch venture

By Maurice Samuelson

TUBE INVESTMENTS and Dana Corporation, a leading U.S. manufacturer of power transmission equipment, are to collaborate in the growing market for industrial power transmissions.

Dana is believed to have paid $1½m for a half-share in the two TI subsidiaries, TI Interlock and Wichita, which respectively manufacture and sell industrial clutches and brakes under licence from Wichita Clutch Company of Texas, a subsidiary of Dana.

The range of products manufactured and sold by the joint venture will also be extended under new licence agreements.

Accountancy firm heavily criticised in inquiry findings

BY JOHN MOORE

STOY HAYWARD, the London accountants who specialise in insolvency work, has been heavily criticised in the findings of a Department of Trade investigation into the affairs of a small electronics company, Electerminations. The company was formerly called APT Electronic Industries.

The English Institute of Chartered Accountants confirmed yesterday that it will be setting up a small inquiry committee to look into the criticisms levelled against all the chartered accountants involved in the affair.

But yesterday Mr. Philip Sober, a senior partner in Stoy Hayward, rejected the criticisms. He said that no alterations in the firm's procedures or personnel would be made as a result of the report.

The Department's report concludes that a partner in Stoy Hayward deserved criticism for not advising Mr. Imre Lake, *chairman and managing director* of Electerminations, that he was putting forward a misleading statement of the company's affairs at the time of its liquidation in 1974.

'Mis'eading'

The Department calls remarks in the company's statement of affairs regarding the treatment of a deferred debt item as "seriously misleading" and again Stoy Hayward is criticised

Within APT Electronic Industries the Department of Trade has found evidence of arbitrary accounting methods involving the overstating of assets, inventory valuation discrepancies, the double counting of stocks, no proper assessment *of work in progress* and the omission of contingent liabilities in the accounts.

The Department's investigation, started over three years ago, resulted from a complaint made to the police that the liquidation of the company, then called APT Electronic Industries, was being conducted in a manner detrimental to its creditors.

A partner in another firm of accountants, Wright, Fairbrother and Steel auditors to APT has been criticised for not paying due care and attention to the group's financial affairs, and for a failure to review the minutes of directors prior to completing audits.

Mr. Lake, as a director of APT has been found guilty by the Department of Trade of "exaggeration in which he had no sincere belief with the aim of decrying the value of the assets of APT which he was hoping to buy for his company Aveley Laboratories."

Mr. Lake had "decried" — understated — the assets by exaggerating a claim outstanding against APT for faulty manufacture. He indicated that it stood at a theoretical maximum of £2m, "would probably cost at least £400,000 and could easily get up to £800,000." The Department said that the potential size of the claim appreciably affected the minds of the creditors when they came to decide to accept the offer from Aveley Laboratories.

Mr. Lake's business career since leaving school had been in selling.

"He had little experience in management and none in production. The suspicions that he planned the whole operation stemmed in great part from the super-salesman image which attaches to him," says the report.

Statement

"It did not occur to those who had done business with him that it might have resulted from sheer bad judgment," concludes the report.

In the statement of affairs to creditors Mr. Lake is found to be responsible for the omission of figures that valuers had given for work in progress "or to the fact that they had given any valuation under that head."

His motive was again to decry the assets with a view to the offer he was going to put forward by his company Aveley

"But he was at the time receiving advice from two chartered accountants, Messrs. B. B. Chambers and A. A. Davis" respectively the senior admini*strator of the insolvency department* of Stoy Hayward, and a partner in Stoy Hayward.

"We do not impugn their motives, but we are satisfied that they were wrong and deserving of criticism in not advising Mr. Lake and the other directors against putting forward their statement in that misleading form," says the report.

An unqualified statement that a debt was deferred for five years, but in fact was due immediately, had a crucial effect on the creditors decision to accept Aveley's offer. Stoy Hayward cannot escape criticism, says the report.

The report finds that even if all the necessary steps had been taken by the accountants at the appropriate time it was doubtful whether the position of the creditors would have been materially improved.

UK 'can learn from Japan's success recipe'

BY DAVID FISHLOCK, SCIENCE EDITOR

A PARLIAMENTARY select committee has identified four reasons why it believes the Japanese have been so successful in exploiting science-based industries, but warns against attempts to imitate their success.

The four reasons are inter-related, the MPs conclude, and other countries and cultures would be wasting their time to try to transplant individual factors.

The four factors, as seen by the Select Committee on Science and Technology, are:

- A national consensus that exploitation of science and technology is the route to economic survival.
- A concentration on specific areas and products, making them attractive in quality and price, with the support of vigorous promotion in Japan and overseas.
- Development of highly efficient production processes and a readiness to draw freely on foreign technology.
- A consistently high rate of growth in the Japanese economy, helping it to avoid many of the difficulties of change, restructuring and modernisation, which have affected many Western countries.

Although the MPs believe the four factors to be "indivisible", they say that Britain can still benefit from Japan's experience.

For example, they say bluntly that the number of scientists, engineers and other technically qualified people employed in British industry is "modest" compared with Japan. "In the UK, a lower proportion of college graduates enter manufacturing industry, and a strikingly smaller proportion of British business executives are graduates."

They note, too, that many of Japan's top managers are technically qualified.

The MPs draw attention to three areas where they believe many UK companies must make improvements if they are to compete. One is in market attitudes where, they say, the Japanese have invested in the most sophisticated manufacturing technology because they have decided to carve out a significant slice of the world market — of a size which will justify the investment made.

Marketing

Another relates to attitudes towards the most modern production methods, where the MPs emphasise the importance Japanese companies attach to having the best.

The third area is marketing, where the MPs say it is very clear that Japanese companies devote considerable efforts to ensuring that their products are marketed abroad and at home as efficiently as possible. They were particularly impressed by the extent to which Japan's research and development is market-oriented.

Mr. Arthur Palmer, chairman of the committee, said yesterday, "We are good innovators but not very good in applying research commercially to new products."

"Innovation research and development based Industry," Vol. 1, SO, 90p

Britain spends too much on drugs, says doctor

BY PAUL TAYLOR

BRITAIN IS spending too much on drugs for the National Health Service, said a senior doctor yesterday. Doctors could save tens of millions of pounds on the annual £596m drugs bills by cutting waste, educating patients not to demand unnecessary medicine, and abandoning ineffective drugs and treatment.

Dr. Gordon Mather, consultant physician at Southmead Hospital, Bristol, and a lecturer at Bristol University, was speaking to doctors at a Royal College of Physicians conference in London.

He said that, while the medical profession tends to blame wastage on NHS administration, there are a number of actions doctors could take to reduce the cost of patient care.

The national drugs bill "is too large." Dr. Mather said 10 per cent of the current drugs bill in England and Wales goes on slimming pills, tranquillizers and cough medicines.

TSB will give loans for home repairs

By Michael Blanden

IN A further extension of their services to compete with the big clearing banks, the Trustee Savings Banks are to introduce home improvement loans for customers from November 21.

The banks are making loans available up to £8,000 for home projects such as financing central heating, home extensions, a garage, kitchen equipment, bathroom redecoration or repairs. Free life assurance cover is included.

The borrowers must be owner-occupiers or long-term leaseholders—normally with leaseholds of more than 40 years to run — and have been TSB customers for at least a year.

The banks are offering two loan plans, subject to valuation of the property involved and to the advance not exceeding two-thirds of valuation, less any prior mortgage.

Under the first loan plan, householders with an existing mortgage will be able to borrow up to £5,000 for up to five years. Interest will be calculated at the TSB personal loan rate, currently 8½ per cent flat, equivalent to around 17 per cent on a true basis.

Under the second plan, advances of up to £8,000 for up to eight years will be available against a first mortgage only—that is, where the householder owns the property outright. Interest will be charged at a rate of 4½ per cent over the banks' base rate.

De Beers wins High Court patent ruling

THE DE BEERS diamond company won an important Appeal battle to file a British patent for a new technique of "fingerprinting" diamonds.

Three judges held that the proposed technique appeared to constitute a "new manner of manufacture" within the definition of "invention" in the Patents Act and asked the Principal Patents Examiner to reconsider his refusal to allow the company's patent application.

Later the company said: "The fingerprint technique was invented by Dr. Andrew Lang of Bristol University. It involves a system of X-ray topograms and makes it possible for stolen diamonds to be identified, even if the stones have been re-cut.

"It is hoped that, eventually, it will be possible to build up a library file of topograms of important gems."

Reassessment of tax system urged by Fabian Society

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE GOVERNMENT has been urged to review the tax system as a first step towards radical reforms which can no longer be delayed.

The call comes in a memorandum today to Mr. Denis Healey, Chancellor of the Exchequer, from members of the Fabian Society, the independent Labour Party research organisation. The paper has been written by Mr. Guy Fiegeben, a senior research officer at the Institute for Fiscal Studies.

Failing

He says the tax system may be failing to attain the objectives set for it. "If change is not undertaken, then the very acceptance of the tax system by the public may be at risk. A complete reasessment of the means and ends is required, and should be begun as soon as possible."

Mr. Fiegehen argues that income tax now operates "contrary to the principles of equity, fairness and efficiency."

He refers to the much higher proportion of wage earners now paying income tax than 20 years ago, and the substantial decrease in the burden on the company sector.

The document points out that income tax is now far from being a genuine tax on incomes because of the wide range of allowances and exemptions. Consequently, two of the most important goals of the Labour movement—increased equality and a high level of employment —are being frustrated.

Among points raised are the Meade Committee's proposal for an expenditure tax, and the question of the most desirable and practical tax base for income tax, the high marginal rates at both ends of the spectrum and, the compatibility of having taxes on transfers of wealth and holding wealth.

The memorandum has been published ahead of a Fabian Society's London conference on the reform of direct taxation on Sunday at which Professor Meade and other tax specialists will speak.

Memorandum to the Chancellor of the Exchequer on the Reform of the Tax System, by Guy Fiegeher from the Fabicn Society, 11 Dartmouth Street, London SW1, price 30p.

New bid for £10m quay at North Shields

FINANCIAL TIMES REPORTER

MORE JOBS and a wide range of new industries could result from a fresh application which is to be made to the Government for a new £10m fish quay at North Shields.

A joint working party composed of representatives of the Port of Tyne Authority, Tyne and Wear County Council, and North Tyneside Borough Council is to prepare a further submission to the Government for a new fish harbour after years of controversy over the replacement of the Tyne's run-down facilities.

"The working party will be studying a whole range of factors not usually required in a small harbour, such as the added value of new jobs, and the effect of new industries which could be established adjacent to the harbour," said a Port of Tyne Authority spokesman.

The existing fish harbour was referred to recently by an all-party Commons expenditure committee as "dangerous, inadequate, and intolerably primitive."

Officials of the Port Authority and the Ministry of Agriculture, Fisheries and Food met last week. "The Ministry said that a fresh submission by the port authority for a new harbour would receive consideration," said the spokesman.

Measles plea to mothers

THOUSANDS of leaflets telling parents to make sure their daughters are vaccinated against German measles ebtween the ages of 11 and 14 are being circulated by the Government-backed Health Education Council.

But doctors fear the health service may not be able to cope with the demand for vaccinations.

The British Medical Association said: "At the moment the hospitals are so far behind because of the recent industrial dispute."

A recent outbreak of German measles was the biggest for several years. Most worrying is the number of pregnant women who catch it—in June 212 cases were reported.

Change in radiation limits forecast

By David Fishlock, Science Editor

EARLY WARNING of changes expected over the next year or two in internationally-accepted limits on permissible doses for radiation workers comes in a National Radiological Protection Board report published today.

The board, Britain's watchdog of the public interest in radiation, forecasts that some limits will be raised and some lowered when the International Commission on Radiological Protection reports on its five-year scientific studies.

The board has taken the data available to the commission and applied it to the 169 radio-active substances of greatest interest in the UK. In this way the scientists aim to give nuclear operators and the Government regulatory agencies dealing with radiation early warning of the implications of any changes.

No particular trend can be discerned from the new limits, says Dr. John Reissland, senior author of the board's report.

The permissible limit for soluble forms of plutonium may be lowered by a factor of about eight. But most operators already work to the more restrictive limits applicable to insoluble plutonium, and this is likely to remain unchanged, or even to be relaxed slightly.

Understanding

Radium is another substance for which limits are likely to be relaxed, by a factor of about 10. The scientists now have a much greater understanding of the way radiation behaves in the body and can be less conservative about the radiation risk.

The board stresses that its figures are for guidance only.

The first of the revised official figures from the international commission, for about 20 substances, are expected around the end of the year.

Annual Limits of Intake of Radionuclide for Workers, NRPB-82, Stationery Office, 50p.

Children's fund up 18% to peak

THE SAVE the Children Fund last year boosted its income by 18 per cent to a record £6.4m. The £1m increase in donations coincided with sterling's greater buying power overseas, which alone brought the fund an extra £200,000 for its relief work.

Last year's figures show a reversal from the financial crisis which hit the fund, Britain's largest international child care agency, in 1977 when income fell for the first time in its history.

British Airways may face ban at Lisbon

BY ARTHUR SANDLES

THE PORTUGUESE Government is considering ordering British Airways off Lisbon Airport and forcing it to use an isolated semi-military strip at Cintra, if the British Government goes ahead with its proposal to make the Portuguese State airline, TAP, use Gatwick instead of Heathrow for its London flights.

This is just one of the counter moves being discussed by the Portuguese who, like the Spanish, are determined not to be sent to Gatwick. Both countries consider the order to be a banishment of their airlines from the main business centre, and a move which would put them at a serious disadvantage.

Another way in which TAP is planning to retaliate, is to end the pool agreement with British Airways on flights to Oporto. Such agreements between airlines allocate receipts according to a formula, regardless of the numbers carried by each airline on the route.

Favourite

TAP sources suggest that, on this particular route, British Airways gains revenue while TAP carries more passengers.

With holidays to the Iberian Peninsula, and particularly Spain, still the major factor in British foreign holidaymaking, it is hardly surprising that this row has dominated much of the backstage conversations in Torremolinos, where the Association of British Travel Agents has been holding its annual convention.

The conference has been one of the most successful staged by ABTA, with more than 2,000 delegates.

Among the retail delegates, who are easily the majority, the main theme has been the fear of being overlooked by the big companies and, in particular, the worry that these companies will by-pass them and sell direct. Conference sessions about the future of the industry, especially the technological innovations for bookings procedures, have probably only underlined those worries.

Officially, the conference ended yesterday, but most delegates will stay on several days longer sampling the hotels, restaurants, beaches and bars that they will send their clients to next summer. The Spanish Government and the Costa del Sol Tourist Association, has spent heavily to ensure that this conference, second in size only to the American Travel Agents' Convention, leaves the agents with a pleasant view of Spain.

Competition to get the convention each year is fierce, and next year it looks as if everyone will meet again in Los Angeles.

Women's power

The Spaniards cannot have been very amused by the remarks of one of the last speakers in the conference, Mr. Bill Robertson, managing director of RPA Management and a highly respected voice in the industry.

Having told his colleagues that they had largely overlooked many of the sociological changes in Britain which could affect their business, he went on to lambast the Mediterranean countries in general and Spain in particular, about the environment and service.

His criticism of the travel industry was that it had not adjusted to such factors as the growing power of women in the market place and the increasing importance of the unions.

Mr. Robertson said he was a lover of Spain but "I am appalled at the apathy there is." Over the past decade, while other leisure products were better—televisions were better, cars were better—the quality of the travel product had actually fallen. "Service is on the decline," he said.

"Why should I wait two hours for my baggage at the airport? Why should I wait two hours for service in a restaurant? Why can't I let my children swim in the sea? Why should the locals pay less than me when they eat out? Why should I get oil on my feet when I walk on what is supposed to be one of the best beaches in the Mediterranean?

"Beware, Spain. Sri Lanka, Malaysia and Gambia are looking more and more attractive in terms of price and service."

Cheaper flights to Austria

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AIRWAY'S policy of promoting cheaper air fares in Europe has been carried a stage further with cuts of up to 40 per cent in fares between London and Austria. The airline is introducing a new Advanced Purchase Excursion (Apex) fare, which must be booked one month ahead of date of travel, of £80 return between London and Salzburg, and £105 return between London and Vienna.

The new fares compare with the normal economy return rate of £150 and the ordinary excursion rate of £111.50 to Salzburg, and the economy return of £198 and ordinary excursion fare of £147 to Vienna. The new fares can be booked from today, for travel from January 1.

It is expected that further cuts will be announced soon to other destinations.

UK economic policies criticised

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

BRITAIN moved no nearer to devising a suitable mix of policies for its economic problems during the period from 1960 to 1974 in spite of all the experiments and changes of direction, according to a mammoth new study published this morning.

The 710-page book, entitled British Economic Policy 1960-74, has been produced by the National Institute of Economic and Social Research and written by eight economists under the editorship of Mr. Frank Blackaby.

In a concluding appraisal, Mr. Blackaby argues that the record shows that, as an economic policy, demand management is certainly not enough; however, it does not follow that demand management is useless—simply that its efficacy is limited.

"In sum, the problem of devising policies appropriate for a country with a relatively inefficient manufacturing sector and an unreformed pay bargaining system remained unsolved."

The purpose of the study—financed by a Treasury grant—is to provide an account of what the Government did, and to discuss why it chose the methods which were used, and what the results were.

This involves a detailed discussion of fiscal and monetary policy as well as chapters on policies aimed at improving the balance of payments, planning, incomes and industrial relations policies, industrial and commercial policies and the nationalised industries.

The book is intended as a sequel to The Management of the British Economy, 1945-60, written by Mr. Christopher Dow and published in 1963.

The authors suggest that the policies outside the main areas of demand management did not have a major impact. For example, one chapter concludes with the comment that "industrial policies seem limited to a peripheral role of tidying up at the edges of the economy, rather than providing any central thrust to alter and improve industry's performance and that of the economy as a whole."

On industrial relations, the study says that an assessment of the policies pursued by governments of both parties "suggests that, insofar as new forms of legal regulation contained provisions designed to curb industrial action by imposing new constraints on unions, this certainly did not help, and indeed possibly hindered, the longer-term objective of reforming collective bargaining practices and institutions.

Disputes

"Such measures tended to exacerbate industrial conflict in a way that was politically counter-productive, and proved particularly harmful when the Government concerned was trying simultaneously to develop an effective counter-inflation policy."

In his concluding appraisal, Mr. Blackaby notes that one main strand of criticism is that there was no continuity of economic policy during the period, mainly because of changes in government, and that this was damaging particularly to economic growth.

"This lack of continuity, it is argued, added to the uncertainties of the time: if firms are sufficiently uncertain about the future they will tend not to initiate new ventures and uncertainty about government policy is clearly one element in the total."

Mr. Blackaby also points out that "policy-makers were uncertain about their objectives: they often pursued intermediate objectives, tended to concentrate on one thing at a time, and found that differences in political philosophy often revealed themselves in choices of instruments rather than objectives.

"Partly because knowledge of the working of the economic system was imperfect, policies were liable to considerable instability; as one set of policies appeared unsuccessful, another set, which implied a different view of the working of the economy, was ready and waiting in the wings."

British Economic Policy 1960-1974, edited by Mr. Frank Blackaby, 710 pages. Published by Cambridge University Press for the National Institute, £20.

APPOINTMENTS

Short Brothers strengthens top team

SHORT BROTHERS, Belfast, the Government-owned aircraft and missiles manufacturer, announces top management changes involving the appointment of four new executive directors who together with the managing director and chief executive, Mr. P. F. Foreman, the executive director aircraft, Mr. A. F. C. Roberts, the executive director, engineering, Mr. B. P. Laight, and the controller of personnel services, Mr. R. M. Armour, form a new management board.

Mr. B. Carlin, becomes executive director manufacturing, with primary responsibility for all aircraft and aerostructures manufacturing tasks including detail manufacture and final assembly. Additionally Mr. Carlin is responsible for industrial engineering and work study for day-to-day industrial relations matters within his departments, and for the works engineering and plant and equipment functions. Mr. A. R. Manvell is made executive director missiles with overall responsibility for the management of all aspects of the company's missile programmes. He also has primary responsibility for development, production, marketing and support of the company's missile programmes and for future developments in missiles. Mr. K. W. Tyson is named executive director commercial, with overall responsibility for the company's commercial activities. He is also responsible for materials management, and procurement, and for the company's quality control department. Mr. R. W. McNulty is appointed executive director, finance and administration, with primary responsibility for all financial matters in addition to overall responsibility for personnel policy and industrial relations, including manpower planning and for the management services department.

★

Mr. Edwin A. Rides, formerly assistant secretary at the Export Credits Guarantee Department, has been appointed associate director of CONTINENTAL ILLINOIS, the international merchant banking susbidiary of Continental Illinois Corporation of Chicago. He joins the merchant bank after 29 years in the Civil Service. From 1971 he was with ECGD where he was a principal underwriter.

★

Mr. George Godwin, chairman of MARTONAIR INTERNATIONAL, has relinquished his appointment as joint managing director and Mr. Ronald Cartwright, who has been joint managing director with him since 1966, has become group managing director. Mr. Godwin is remaining on the Board as executive chairman and Mr. Cartwright continues as deputy chairman. Mr. Edward Hone has been appointed group technical director and will co-ordinate the development of new products in the Group.

★

The Secretary of State for Prices and Consumer Protection, has appointed Mr. Taher Nawaz, Mr. Max Winslow, Dr. Peter Clarke, Mr. Michael Ward and Mrs. Yvonne Neville as members of the DOMESTIC COAL CONSUMERS' COUNCIL until February 28, 1981.

★

Mr. J. A. Gray has been appointed product manager, polystyrene in product management and commercial directorate of BP CHEMICALS, London. His position as operations manager, plastics in production directorate, is to be filled temporarily, by the secondment from the Barry factory of Mr. C. J. Beckett, at present, process development manager, resins, rubbers and lattices.

★

Mr. Alastair Ross Goobey has joined the board of the SCOTTISH LIFE ASSURANCE COMPANY.

★

Mr. Peter A. S. Smith, staff assistant to the marketing director of David Brown Gear Industries in Huddersfield has been appointed commercial manager for DAVID BROWN SADI SA in Brussels, the Belgian subsidiary of the Huddersfield company since its acquisition in 1971.

★

The MINISTRY OF DEFENCE states that Major-General J. A. Ward-Booth is to be General Officer Commanding West Midland District, in February 1979, in succession to Major General P. A. Downward, who is to retire.

★

HORIZON has appointed Mr. David Cockerton to the newly created position of associate director, responsible for market development.

★

Viscount Simon has joined the board of JOHN NAYLER AND SON and NAYLER PETROSEALS and becomes deputy chairman of both concerns.

★

Mr. Hadi Amin has been appointed executive vice-president at the head office of BANK MELLI IRAN, Tehran.

★

Maj. Desmond FitzGerald and Brig. Ralph Sassoon have been appointed directors of E. D. SASSOON AND COMPANY.

★

Mr. John Curran has been appointed European director of marketing services of ITEL INTERNATIONAL.

Texaco, Gulf, ICI end petrol price support

BY KEVIN DONE, ENERGY CORRESPONDENT

TEXACO, Gulf and Imperial Chemical Industries yesterday joined the oil companies which have decided this week to drop all temporary price support for their service station networks.

The two market leaders, Shell and Esso, still believe it is too early for a total withdrawal, but are taking steps to stop the subsidies where they think that local market conditions can stand higher prices.

Esso said yesterday that it had withdrawn the subsidies from filling stations in only Plymouth and Bath so far.

Shell, which has more retail outlets in the UK than any other oil company, has acted more quickly, however. Until this week it was still giving price support of 3-4p per gallon to as many as 1,600 of its 6,300 filling stations. By yesterday afternoon, though, this figure had been more than halved.

The picture is changing rapidly. According to Shell the number of stations it is still supporting is "coming down by the hour." It has already withdrawn support in about 12 cities.

UK PETROL MARKET (March 1978)

	Number of sites	Sites as % of UK total
Shell	6,450	22
Esso	6,304	21.5
BP	3,198	10.9
National (BP)	2,102	7.2
Texaco	2,225	7.6
Mobil	1,336	4.5
Fina	1,056	3.6
Total	900	3.1
Burmah	872	2.9
Jet (Conoco)	813	2.7
Elf	554	1.9
ICI	450	1.5
OTHERS	3,111	10.6
TOTAL	29,373	100.0

Source: Institute of Petroleum

Local factors

The impact of all this on petrol prices is not immediately clear, as local market factors will dictate the speed at which prices change in different regions.

Where oil companies have totally withdrawn support, however, the price of a gallon of four-star can be expected to rise by up to 5p. Companies such as BP, Mobil and Total certainly expect the price to rise now to about 79p a gallon.

Shell expects its big self-service sites to be charging 77½p-78p.

The oil companies, faced by falling profits (or in many cases mounting losses) on their petrol marketing operations, have been anxious for months to drop the system of so-called "temporary" price support.

Previous attempts to do so, however, have been thwarted by the fierce competition for sales in a slow-moving market. Companies have been unwilling to sacrifice market share for higher prices.

The problem has been exacerbated by the serious surplus of refinery capacity in the UK.

Real terms

In the short-term the winner in the forecourt price-cutting battle has been the consumer.

Average petrol prices of around 74p a gallon for four-star at the beginning of this week were hardly different from those being charged three years ago. In 1975 the average price was 76p a gallon and according to BP Oil, the present price has dropped by about 36 per cent in real terms, compared to 1975.

Price-cutting in the petrol market began in earnest in 1975 and 1976. Since April 1977, the oil companies have found it impossible to make any price rise stick. As dealers' prices fell all the companies stepped in to protect to some extent at least the profit margins of their retail outlets.

The schemes often sported different names—temporary discount allowance was BP's, while Mobil made a temporary sales promotional allowance. The only misnomer was the word temporary, as once the subsidies were introduced, the oil companies—which found themselves contributing the profit margain for many filling stations of up to 6p a gallon—discovered it was impossible to withdraw.

Talking up

This year, after three years of sluggish growth, the petrol market has started to pick up again at a rate which has surprised the industry. Petrol sales so far this year are more than 6 per cent above the level of 1977.

For many months the oil industry has tried talking up prices, but when they decided to act they found the market was not ready.

The subsidies, which have been available mainly in urban areas, have fallen slightly, but not nearly as quickly as the industry felt necessary.

The continuing competition has forced many filling stations to close—more than 1,000 UK site stopped selling petrol last year, while over the past seven years as many as 7,756 sites have closed, leaving fewer than 30,000.

Brave step

Having failed earlier this year to reduce support, Shell and Esso decided that they were not yet ready to lead another attempt to cut subsidies. The price competition has been hitting others even harder, however, especially those such as Mobil having to import some petrol from the Continent.

Supplies have been tightening in recent weeks. Spot gasoline prices in Rotterdam touched $200 a tonne compared with $130 a tonne barely six months ago.

Mobil with less than 5 per cent of the market decided at the beginning of the week that it could stand the strain no longer and bravely took the first step towards ending subsidies.

Shell believes that, with many supermarkets still selling petrol as a loss leader—often supported by large commercial rebates in return for long-term contracts—it cannot follow suit and withdraw all subsidies. In some areas they are trying to edge prices up against supermarket competition, but if the supermarkets don't follow, Shell feels it must continue to subsidise its dealers.

"How long can our dealers stand alone?" asks Shell. "We canot afford to stand back and see them crucified."

PUMP PRICES IN ENGLAND
(Prices in pence, for four-star petrol in England)

	1977 Sept.	1978 Jan.	1978 May	1978 Aug.
North	75.0	72.6	72.4	73.6
South	77.1	75.1	74.2	75.4
All	75.8	73.6	73.1	74.4

North refers to Midlands, NE and NW England; South refers to Greater London.

Source: Institute of Petroleum

Barclays foresees private lending cut

BY MICHAEL BLANDEN

THE BANKS will have to squeeze their lending to the private sector in the coming months unless the Government reduces its own call on funds from the market, says Barclays Bank.

The latest issue of the bank's UK financial survey maintains that, while the growth of the sterling money stock on the wider definition (M3) has been held down so far in the current financial year, this has been due to factors which cannot be sustained.

It has also resulted from distortions to the figures, resulting from the application of the corset controls on the growth of the banks, which mean that sterling M3 may not indicate accurately the real growth of money supply.

The corset control has had a "cosmetic" effect as far as genuine monetary control is concerned, the bank contends. But at the same time, restrictions on the banks themselves remain tight.

Barclays points out that so far the banks have been helped by an exceptional growth of their current account balances, perhaps resulting from the sharp rise in money incomes, which cannot be expected to continue.

At the same time, demand for lending is likely to continue to rise, with the corporate sector probably experiencing a deterioration in its financial position and needing more bank finance.

In this situation, the bank says, interest rates are likely to remain at their present increased levels and could possibly rise further.

Uranium trade code urged

FINANCIAL TIMES REPORTER

A CALL to codify rules governing controls of world trade in uranium was made yesterday by Mr. Terence Price, general secretary of the Uranium Institute.

Mr. Price, writing in the current issue of *Atom*, the monthly magazine of the UK Atomic Authority, said it would be neatest to have a single internationally acceptable set of norms, setting out rules under which governments were prepared to allow the uranium market to operate.

He said that this would damp down the present tendency for each major country to "go it alone" — a practice which could hardly assist international plans to deal with non-proliferation—and even if formal case-by-case decisions had to continue indefinitely for political reasons, the outcome would normally be predictable.

Oil wealth problem for Shetland

BY RAY PERMAN, SCOTTISH CORRESPONDENT

SHETLAND HAS run into difficulties in distributing its oil wealth which is intended to protect traditional industries against the disruption of North Sea development.

Last year the island's council put the £9m it has received so far into a charitable trust as a precaution against tax and — because most of the revenue is tied to the operation of the port at the Sullom Voe oil terminal — against the port's nationalisation.

Now it has been discovered that, although 4,000 grants have been made to individuals, the council's freedom to aid commercial organisations is limited.

A grant to a non-charitable organisation would not only be taxable, but could threaten the trusts charitable status.

Mr. Ernest Urquhart, the council's chief executive, said yesterday they were seeking ways round the problem.

This could involve organisations such as the Shetland Trust and the Fishermen's Trust, which aid crofters and fishermen, changing their constitutions so that they became acceptable as charities to the Inland Revenue. The council could then distribute money through them.

The oil revenues are being invested by merchant bankers, Rothschilds, the council's investment advisers. The portfolio is weighted towards gilts, reflecting the council's need for income rather than capital growth.

Almost £750,000 was used by the council last year. This year the income was £1m, and next year it is likely to be £1.25m.

The council estimates that oil revenues from disturbance payments and a levy of 1p a tonne on oil flowing through Sullom Voe could total £50m by the end of the century.

The oil industry's unofficial estimates put the figure at £100m, which could double if a third pipeline is brought into the terminal.

This would make the Shetlands Islands Council, one of the smallest local authorities in Britain, a sizeable instutional investor.

Post Office viewdata system 'leads world'

BY JOHN LLOYD

PRESTEL, the Post Office viewdata system, which will give phone uses access to banks of computer-stored information via their TV set, is said to be two years ahead of its worldwide competitors in technology, and three to four years in marketing.

It is also claimed that its competitors are using unfair tactics to cut its lead.

The Post Office expects to make about £1m in 1978 from sales of the system abroad. It has already sold it to West Germany and Holland, and expects to conclude agreements with Hong Kong and Singapore shortly.

Sales of Prestel have also brought £500,000 worth of export orders to the UK telecommunications industry. Much of this goes to GEC, which makes the computers for Prestel.

The Post Office believes that some countries — France is understood to be one — are trying to cut the lead Prestel enjoys by casting doubt on the standard of the system's character set, which generates the alphabet and symbols displayed on the TV screen.

A number of European and international forums—including the International Standards Organisation, and the European Commission — will determine standards over the next year. The choice of standard generally followed internationally is crucial to the export sales—and profitability—of a system.

The Post Office has put a considerable investment into its choice of character set, which is that laid out in International Standards Organisation standard 646.

The French, who are developing a competitive viewdata system known as the Antiope, use a different system. It has the capacity to backspace and overstrike, and thus to impose accents over letters.

In the first of what promises to be a series of Press briefings on Post Office matters, executives concerned with Prestel's developments yesterday stressed that the UK system was further advanced, technically more efficient and cheaper than any other systems being brought on elsewhere.

Five other countries—France, Japan, Canada, Sweden and West Germany—are working on viewdata-type systems. The only two which offer substantial competition to Prestel appear to be the French and the Japanese.

The French Antiope system is acknowledged to be efficient in activating mechanical printers, and is "marginally better" for showing graphics. But it is said to be poor on the TV set and insecure on transmission.

The Japanese Captains system has to generate the 3-5,000 characters in the Japanese Kangi alphabet, and thus must use central character generation and broad band-width transmission—both of which push up the price.

Neither the French nor the Japanese system is expected to be offering a public service before the early 1980s, whereas Prestel goes public next year.

Future international deals may include sales to Spain and to the U.S., where Insac Data Systems, the international software company owned by the National Enterprise Board, is to market Prestel, probably in collaboration with U.S. electronics companies.

The Post Office will demonstrate its system to Soviet officials in Moscow next month. A number of demonstration pages have been set up in Russian cyrillic characters.

In the UK, Prestel centres will be set up next year in London, Birmingham, Manchester and Edinburgh, at a cost of £5m. A further £18m has been earmarked to extend the service to Cardiff, Glasgow, Leeds, Liverpool, Norwich, Nottingham and other centres.

Dearth of cash 'hits housing demand'

By Michael Cassell.

THE "severe deterioration" in the availability of mortgage funds is acting as a major constraint on demand for new private housing, according to the House-Builders Federation.

The federation, which yesterday released details of its latest state of trade inquiry, claims that 75 per cent of house builders now believe the shortage of mortgage finance is holding back demand. At the time of the last inquiry, only 55 per cent named lack of mortgage funds as a constraint.

Builders say the scarcity of home loans has arisen at a time when demand for new housing remains strong and sustained. They say it provides a clear illustration of the "detrimental effect of government-imposed mortgage lending controls on house-builders' sales."

But the latest position is more a reflection of the societies' inability to attract sufficient funds to meet demand than any government intervention. Without the lending limits, it is unlikely that societies would be able to lend any more than they are at present, and in any case, advances this year will reach a record £8.5bn against £6.7bn in 1977.

PARLIAMENT AND POLITICS

Senior police officer leading inquiry into Rhodesia sanctions busting, says Silkin

THE DIRECTOR of Public Prosecutions had received preliminary advice from counsel on the Bingham Report on Rhodesia sanctions-busting, and had arranged for a senior police officer to lead the inquiry, Mr. Sam Silkin, Attorney-General, said last night.

The police officer had already started work, Mr. Silkin added, when opening the second day of the Commons Queen's Speech debate on Rhodesia.

"There is one basic principle that has governed and will govern all our thinking. Nothing must be swept under the carpet," Mr. Silkin declared.

"If there has been fault it must be exposed. If confidence in Government or in those outside has been weakened, it must be restored." If the law had been broken, it must be enforced as in other cases.

MPs had to consider whether some new and different inquiry or investigation would create the unacceptable risk of prejudice for possible future prosecutions."

"The House must accept that if there is to be any further wide-ranging inquiry which includes this question of possible breaches of sanctions orders, it will be virtually impossible to avoid that prejudice."

On reasons for an inquiry, Mr. Silkin said one objective would be to investigate "the way in which successive Governments have pursued the sanctions policy, to examine the role of the multi-nationals, and to determine the responsibility—politically as opposed to criminal—of Ministers, officials and those that were given that information."

"It has been suggested in some quarters that the Government is anxious to resist an inquiry into these matters. That is quite wrong. The Government has no such wish and will consider the views of the House."

If the objective was the scrutiny of successive Governments, the question arose as to whether it would be necessary to examine the whole record of how previous Cabinets dealt with the question of sanctions.

It had been a long-accepted practice that Cabinet records were afforded special secrecy until they were sent to the Public Records Office.

"It has been a generally accepted view that publishing such material would risk destroying the quality and frankness of views expressed in (Cabinet), advice tendesed or the information received."

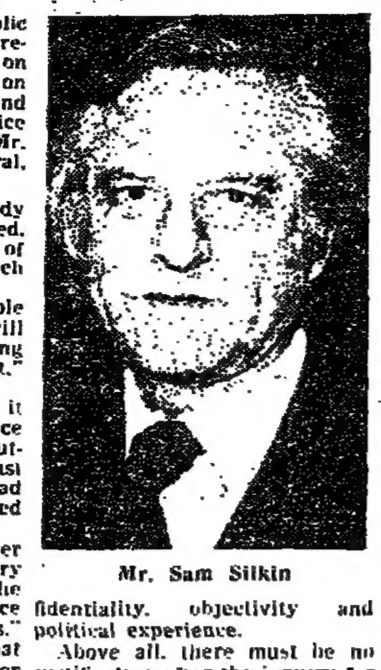
In considering the options open, Mr Silkin pointed out that the Privy Councillor procedure was much less cumbersome than others.

It could have the advantage of speed. Its powerful and balanced composition combined judicial and political experience

It could be invested with the status of a Royal Commission. Problems of production of Cabinet papers at a future inquiry would at least be reduced by the Privy Councillor committee method.

But, finally, Mr. Sikin said there was no solution which combined all the desirable elements necessary to be fulfilled by the inquiry.

MPs themselves must face the question of what they believe to be priorities—openness, speed, possible prosecutions, width of range of investigation, fairness to individuals, preservation of confidentiality, objectivity and political experience.



Mr. Sam Silkin

Above all, there must be no justification after the inquiry for a charge of a cover-up.

The two principles, of collective responsibility of Ministers and internal freedom of advice and information offered, were the long-accepted justification for the confidentiality of Cabinet papers.

"The question is whether an inquiry directed towards the collective responsibility of Ministers on oil sanctions and the quality of advice given to Ministers would justify a deep inroad into the accepted practice."

Intervening, Mr. Alex Lyon (Lab. York) said that there was in effect an allegation that the Cabinet had either known and deceived the ouse, or that it had not known about a major matter of foreign policy.

One ought then to inquire into the reasons why the government machine had failed to convey that information to the Cabinet.

"Surely that is enough to say that in this case, we ought to abrogate the general principle and recognise that it is a rare or even a unique case."

Mr. Silkin replied that there were arguments in favour of abrogating the practice. He was merely seeking to put the arguments so that MPs could make up their own minds.

Sir Harold Wilson intervened to say that when the government had set up Bingham they were "already half-way on the road."

"Bingham has, in effect, made allegations against certain Ministers, politicians and others. Surely they are entitled to have the relevant documents oloked at. I have looked at them.

"The Press have conducted a very high level, one-sided trial of a number of people."

Mr. Silkin promised that he would do his best to look effectively at each possible form of further inquiry.

But he stressed the problems that would arise from setting up a Tribunal of Inquiry like that investigating the Crown Agents. The Crown Agents' tribunal had heavily extended the Treasury Solicitors' Department, and the costs would be tremendous.

It might not conclude its investigations until the end of next year and its report might not be delivered until 1980.

MPs would be concerned with the effectiveness, credibility and fairness of any inquiry. This was particularly important if it was to examine the conduct of people outside the Commons and the Lords who were not able to reply in Parliament to any criticism.

The Royal Commission on Tribunals of Inquiry headed by Lord Salmon, had recommended six "cardinal principles" which should be followed.

They could not be applied in full to all forms of inquiry but they set a standard which should be aimed at when reputations were being seriously examined.

The salmon principles had inevitably led to procedure becoming cumbersome, time-consuming and complex.

MPs would have to consider whether the usual form of tribunal, judicial in character, would be a proper body to pass what must be political judgements.

Even the relatively limited terms of reference of a tribunal similar to that investigating the Crown Agents would render prosecutions extremely difficult. Wider terms of reference would leave them out altogether.

"I must also make it clear that the same difficulty arises with any open inquiry, and the wider the terms of reference the more clearly it arises."

MPs would have to consider whether this type of tribunal with its lengthy and cumbersome procedures, would be a proper body "to make a political judgement on the efficiency and integrity of the Government machine."

The narrower the terms of reference the less difficult it would be to proceed without prejudice with the possibility of criminal proceedings, if the immunity had been granted to witnesses.

A committee of Privy Councillors would emphasise the desirability of speed in bringing the report before Parliament. It would need a great reliance on co-operation of those involved, but would be much less cumbersome.

It could have a powerful and balanced composition combining judicial and political experience and could be vested with the status of a Royal Commission which would reduce the problem relating to earlier Cabinet papers.

A Select Committee, which had been favoured by most speakers, could be given whatever powers it needed. Such committees played an increasingly valuable investigative role. It had many attractions particularly if questions of policy were being investigated.

A Select Committee on Rhodesia would be unlikely to produce its report during the lifetime of this Parliament.

The House should also be concerned with fairness and with the committee being constituted on party lines. It would end up with the House dividing on party lines.

"If the House remains unsatisfied that dark places have been sufficiently illuminated then the decision is indeed a difficult one. "There is no solution which combines all the desirables."

Mr. Douglas Hurd, an Opposition foreign affairs spokesman, said many faults of the Government's Rhodesia policy derived from misinformation and ignorance about what was happening in Salisbury.

"It is crazy that the Government are not represented there permanently by a senior and respected civil servant. The Government is flying blind on Rhodesia at the moment."

Mr. Hurd, who said he had just returned from Rhodesia, added: "After listening to a great many people in Rhodesia and Lusaka and visiting two operational zones, I came to the conclusion that the war would not be ended by a military solution.

"By the Foreign Secretary's action and inaction—by his deafening silence — he has encouraged the leaders of the Patriotic Front to think they simply have to stick it out and wait for a military solution."

It should be made plain to the Russians that relations in other fields could not continue normally as long as they were backing the guerrillas in Rhodesia.

Shore silent on home loans

By Our Parliamentary Staff

MR. PETER SHORE, Environment Secretary, refused to be drawn in the Commons on reports that restrictions on building society mortgages would be withdrawn shortly.

He told MPs that he would be seeing the chairman of the Building Societies Association later this month. The future of the restrictions on mortgage lending would be reviewed in Department's joint advisory committee with the building societies.

Conservative backbenchers called on the Government to end the restrictions, which they claimed had caused house prices to rise and created a queue of people unable to get mortgages.

Necessary

Mr Shore agreed that prices had risen this year and it was precisely because he expected this would happen that he had taken necessary action with the Building Societies Association to check the rate of mortgage lending.

If that had not been done, he genuinely believed that prices would have gone up far more sharply and more quickly than had been the case.

In the nine months to the end of September, the building societies had committed 602,000 mortgages at a monthly average of 67,000, he added, was a record figure, above the previous record achieved in 1977.

Council powers promise

The Government will seek, during the present Parliamentary session, to fulfil its pledge to restore certain powers to district councils, Mr. Shore said.

If approved by Parliament, the biggest beneficiaries of local government reform, promised in the Queen's Speech, will be the 333 district councils which have been pressing for a long time for the transfer back to them of planning and highways matters from the county councils.

Mr. Shore had been pressed by Opposition and Labour MPs alike, to say when he expected to implement the reform.

"We hope and expect to get the measure before the House during this session."

The key to the new Bill—amending the 1972 Local Government Act—will be its enabling provisions, meaning that the speed and extent of the changes will depend on future negotiations between local authorities and the Environment Department.

Storm damage

THE Environment Department has paid out £249,000 in compensation to local authorities for flood and storm damage earlier this year, Mr. Peter Shore, Environment Secretary, said in a Commons written reply.

I knew nothing, Heath tells MPs

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

MR. EDWARD HEATH, former Conservative Prime Minister, told the Commons last night that he had no knowledge of sanctions breaking by British oil companies supplying Rhodesia through "swap" arrangements in the period 1970-74 when his government was in office.

He was very cool towards the idea of holding a full public inquiry into the allegations made in the Bingham Report.

If a further inquiry were held, then he was opposed to it being given access to confidential Cabinet documents dealing with sanctions.

Mr. Heath emphasised that when elected in June 1970 his government, in accordance with convention, had not been given access to the papers of the outgoing Labour government under Sir Harold Wilson.

Therefore, he said, Sir Harold had not been correct the previous day when he said that the incoming Conservative Administration knew as little and as much as the outgoing Government.

Events which had taken place under the Labour Government and which had now been revealed, were not known to the Tory Government at the time. The question of the "swap" arrangements was not raised by Tory Ministers for the simple reason that they did not know about them.

Allegations

During his Government, the Commonwealth Sanctions Committee had been responsible for overseeing sanctions and had continued to carry out their responsibilities.

In the Commonwealth conferences of 1971 and 1973, nothing had been raised about the supply of British oil to Rhodesia. Nor had it been raised in discussions which Mr. Heath had had with President Kaunda of Zambia and President Nyerere of Tanzania.

Sir Harold interrupted to point out that the "swap" arrangements continued until 1976, and according to some allegations, even into the current year.

Therefore, he argued, it was not just a question of the Conservative Government not having access to documents from Labour's period in office.

He wanted Mr. Heath to confirm that he personally had been told nothing about the "swap" arrangements when he was Prime Minister.

Mr. Heath said: "That is perfectly correct. We knew nothing about the swap."

Mr. Heath was also pressed by Mr. Robert Hughes (Lab. Aberdeen North) to say whether at any time during his four years in office he had inquired about the effectiveness of oil sanctions.

Mr. Heath replied that the Beira patrol to prevent sanctions busting had been maintained despite criticism from Tory backbenchers. The Commonwealth Sanctions Committee had constantly examined the effectiveness of the system.

On the question of a future inquiry, he said that the House was at liberty to criticise any members of an administration for the way they had implemented policies.

"I believe it is an entirely Parliamentary matter," he declared.

If the Commons was to consider setting up an inquiry, it had to take into account the amount of time that would have to be devoted to it at the expense of other pressing matters.

Bingham had made a full reportand if the House wanted to take part of that report and censure the Administration or any particular individual, it was open for it to do so.

The limitation on any future inquiry would be the same as the limitation on Bingham.

As regards Cabinet documents, he emphasised that it was important that Ministers should be able to discuss matters frankly between themselves.

"The documents should not be revealed," he declared. "I take the view that this does not lead to the most effective form of government."

Mr. Heath said that the present situation in Rhodesia was "very bleak." He suggested that an independent person from outside Britain should be appointed to work towards an internal settlement acceptable to Mr. Nkomo and Mr. Mugabe, the leaders of the Patriotic Front factions.

"It should be someone whom they trust," he said.

He also endorsed the Tory front bench suggestion that the PM should take a personal initiative in an effort to get an agreement and avert a "final catastrophe."

Confidence

Mr. David Steel, Liberal leader, told the House that he believed a further inquiry was necessary because the one carried out by Bingham had been very limited. The new inquiry should have the power to send for any papers and for any of the people named in the Bingham Report.

At first he had favoured a tribunal of inquiry, but was no longer convinced that it was the best way to proceed.

If, however, a select committee was to look into the matter, it would need to have considerably more power, servicing and back-up than was normally the case.

Mr. Steel maintained that the sanctions breaking had shown the failure of the House in fulfilling its prime duty to control the executive. The issue was no longer a political one.

"It is one affecting confidence in our capacity as a House of Commons to supervise the administration of government. We just can't let it go."

The report of Bingham, had show an "astonishing amorality" among oil company officials, he said. The matter could not just be allowed to rest.

There had been an "extraordinary association" between the oil companies and civil servants, both in the former Ministry of Power and in the Foreign Office.

The Bingham Report had made two references to memoranda sent by oil companies to civil servants "for their eyes only." Surely, information received by Government departments was intended indirectly or directly for the attention of Ministers.

Determination

One of the most remarkable documents, he claimed, had beer the memorandum sent from Shell South Africa to Shell in London two days before the oil company representatives met Lord Thomson, the former Colonial Secretary who later became Minister Without Portfolio.

"That memorandum in my view sets out more clearly than any other paper, what exactly the position was on the swap arrangements. There was full knowledge here in London of the oil companies at that stage that they were in breach of the Order and that certain consequences would flow."

The Bingham Report had already recorded the discussion that had taken place about what Ministers should say in the House of Commons following the meeting with the oil companies at which Lord Thomson had learnt about the "swap" arrangements, Mr. Steel went on.

"There in black and white is the determination to tell this House the truth but not the whole truth," said Mr. Steel. The House was clearly misled as a result of that meeting.

The main charge against successive Governments, apart from any possible cover-up, collusion, or denial of information to the Commons, was the lack of political muscle and will to make sanctions work.

"That is why we should have a further inquiry."

Peace depends on arms balance, says Peart

ARMS CONTROL and disarmament could only be successful in the context of a stable military balance, Lord Peart, Leader of the House of Lords, said.

Opening the Queen's Speech debate on foreign affairs and defence, he said that peace was more likely to be preserved if there was a military balance between East and West. Restraints must be seen to be mutual

He spoke of the central role traditionally played by the United Kingdom in the search for agreement, and the Government considered that a successful Salt Two Treaty would advance detente.

"The Government believes firmly that it should pursue arms control and disarmament to the greatest extent possible, but recognises that such efforts should of themselves seek to reduce tension betwen East and West, and can only be successfully pursued in the context of a stable military balanc.

"We are convinced that our defence capabilities must be maintained at a level which maintains a deterrent. It must be the Government's responsibility to determine in which directions our defence efforts should be channelled."

Against the background of the continuing growth in Soviet military capability, NATO leaders noted there was a military balance which, if unchecked, could undermine the alliance's deterrent capabilities

NATO's long-term defence programme would gradually enhance its defence capability, and the UK Government was committed to vigorous and suastined effort to see that he programme was a success.

Soviet relations had been affected by the tension in East West relations over the past few months.

"The Government has made clear to the Soviet authorities their views on recent Soviet policies in Africa, on human rights and the continuing Soviet build-up in Eastern Europe.

"We will seek to reach more stable and constructive relationships with the Soviet Union and its allies in the future."

For the Tories, Lord Soames, a former EEC Commissioner, condemned the Government's attitude to Europe.

"It has been a most sorry story. So much of the goodwill felt by our partners at the time of our entry, and the hopes they placed on the contribution we could make, have been dissipated.

"Seldom has more political capital been jettisoned so quickly to so little effect," he said.

Britain's attitude had been "at best hesitating, at worst rank obstruction."

Lord Soames totally rejected South Africa. "Neither side of this House can claim any monopoly of antipathy towards apartheid."

"We are convinced that it would not be in Britain's interests for there to be sanctions against South Africa."

PPS—Political bird of passage

BY PHILIP RAWSTORNE

"MINISTERS, of course, do not include parliamentary private secretaries," says the Commons dictionary "They have no official status at all."

This dismissal of the entire political species is as brusque as that administered by the Prime Minister this week to Mr. Brian Sedgemore, PPS to Mr. Anthony Wedgwood Benn.

Parliamentary private secretaries tend to be transient birds: lighting briefly in the post before rising to a higher perch or fluttering back to earth among the backbench flock.

The position is unpaid, its duties undefined, and the prospects of its occupants uncertain.

Cabinet Ministers and senior Ministers outside the Cabinet make their own appointments: a personal choice based on friendship or sympathetic political views

But each appointment has to be approved by the Prime Minister who requires the nominees "to behave with responsibility and with discretion."

At present some 35 MPs hold such posts with Ministers—and another two, Mr. Adam Butler and Mr. John Stanley, on the Conservative side who act in a similar capacity for Mrs. Margaret Thatcher.

The duties given to a PPS depends entirely on the Minister he serves. For some, the job amounts to no more than that of a general errand boy, carrying papers and delivering messages.

But most soon become, in effect, the Ministers' parliamentary advisers, alert to looming backbench criticisms of departmental policy and deft organisers of help in times of political trouble.

There is nothing to prevent Ministers from sharing with their personal aides the most confidential information on policy-making.

The PPS is often used to test opinion among the party's MPs, and therefore gauge reaction to, impending legislative or administrative decisions.

For those who find the tasks compatible, the post is a sure step to proper Ministerial rank.

Sir Harold Wilson's aides during his Premiership have since risen to the highest ranks of the Government—Mr. Peter Shore and Mr. Eric Varley to the Cabinet, Mr. Gerald Kaufman to Minister of State, Industry, and Mr. John Tomlinson to a similar post at the Foreign Office.

But if they aspire to such heights, they are expected to conform to the general discipline imposed on Ministers of loyally supporting the Government in their votes and speeches.

Some achieve this in spite of apparent conflicts. Dr. Oonagh McDonald remains an active member of the Left-wing Tribune Group while PPS to Mr. Joel Barnett, Chief Secretary of the Treasury.

Those who find the rules of the Government team too irksome are expected to resign before publicly displaying their dissatisfaction.

Mr. Callaghan himself resigned in 1945 as PPS to Mr. John Parker, Under Secretary for Dominion Affairs because he could not support the Attlee Government's acceptance of the Bretton Woods agreement which set up the International Monetary Fund.

As that incident ironically shows, resignation certainly need be no more than a minor setback to a successful political career.

Mrs. Barbara Castle and Mr. Bob Mellish are two among many others who demonstrated that losing a post as PPS could turn out to be a political blessing.

Prime Ministers have been notably intolerant, however, of those who rebel against Government decrees while still occupying the post.

Sir Harold Wilson dismissed seven anti-Market MPs from their jobs as Ministerial aides in one night after they had opposed the Government in a Common Market vote

Others, including Mr. Joe Ashton, then PPS to Mr. Benn, were removed after voting against the Government's expenditure cuts in 1976.

Mr. Ashton stayed on with Mr. Callaghan's approval after Sir Harold resigned, but then went later of his own accord so that he could speak his mind more freely about Government policy.

Mr. Callaghan has now dismissed six Parliamentary Private Secretaries in his 2½ years as Premier. The last three went after voting against the Government in the Commons last year.

His dismissal of Mr. Sedgemore, it is said, now raises important questions of conflict between executive power and the rights of MPs.

Mr. Sedgemore claims that it amounts to interference in his work as a member of the Commons Select Committee, to which he leaked the confidential Cabinet document.

The Prime Minister, like his predecessors, sees it in much simpler terms.

Any PPS who embarrasses both the Prime Minister and the Chancellor by provoking Opposition demands for an inquiry into the leakage of Government secrets is, in his view, neither discreet nor responsible.

So Mr. Sedgemore has gone—and Mr. Benn left with the choice of ruefully regretting his departure or going as well.

Lombard, Page 20

Dismissed PPS writes to Speaker

By Richard Evans, Lobby Editor

THE DISMISSAL of Mr. Brian Sedgemore as Parliamentary Private Secretary to Mr. Anthony Wedgwood Benn, Energy Secretary, has led to accusations of interference by the executive with the rights of backbench MPs.

Mr. Sedgemore, Left-wing MP for Luton West, has written to the Speaker Mr. George Thomas, seeking advice in whether the dismissal affects his duties as a member of a select committee.

He was dismissed by Mr. Callaghan after his disclosure of the contents of a confidential Treasury report on the European Monetary System at a meeting of a select committee last Friday, when Mr. Denis Healey, Chancellor of the Exchequer, was giving evidence.

Mr. Callaghan is dismissing as ridiculous complaints that the sacking involves any interference with an MP's duties. The Prime Minister's view is that Mr. Sedgemore took on a number of responsibilities when becoming PPS and he has not fulfilled them.

The Tribunite MP is the sixth to be dismissed by Mr. Callaghan since he became Premier. The others were all dismissed for defying the party whips in Commons divisions.

Mr. Sedgemore's transgression was to defy the convention that a PPS, or ministerial aide, should conform to generally accepted standards of responsibility and discretion.

Greater interest than usual has been generated by the affair because of Mr. Benn's cool relations with the Prime Minister. Both Mr. Benn and Mr. Sedgemore are confirmed anti-marketeers strongly opposed to British membership of the EMS.

By moving directly against his PPS rather than through Mr. Benn the Prime Minister faced the Energy Secretary with the alternative of accepting the dismissal or challenging it and facing the consequences.

Mr. Benn made his own view clear in a handwritten letter to Mr. Sedgemore in which he "deeply regretted" the dismissal and thanked him for his outstanding services to the party.

Mason will clear up 'lawyer' remarks

ULSTER SECRETARY Mr. Roy Mason was not casting any reflection on the legal profession in some of his comments in the Commons on Tuesday about remand prisoners and lawyers in Northern Ireland, MPs were told.

A statement was read out onMr. Mason's behalf by Mr. Don Concannon, Northern Ireland Minister of State.

The statement said: "There can be no question of my casting reflections on the legal profession in relation to the way in which they carry out their right and duty to defend people charged before the courts."

Mr. Concannon was sure that Mr. Mason's comments could be "cleared up" in tomorrow's Northern Ireland question time.

The comments were made when Mr. Mason introduced special measures to change the procedures for remand prisoners as a result of the prison officers' dispute.

After Mr. Mason's statement had been read out by Mr. Concannon, on the absence of the Northern Ireland Secretary, Mr. Gerry Fitt (SDLP, Belfast W) said it would not be accepted by the Northern Ireland legal profession.

"It is a gross abuse of the privilege of this House when a Minister or any member can make remarks which can be interpreted as a gross abuse of the Lord Chief Justice of Northern Ireland and the legal profession," he said.

The Speaker said he had heard no remarks which amounted to personal charges against anyone in the law courts in Northern Ireland The matter was best left until questions today.

Ulster MPs Bill given First Reading

THE GOVERNMENT'S Bill to increase the number of Northern Ireland MPs was given a formal first reading in the Commons.

The Bill—bitterly opposed by Left-wing Labour MPs and by Social Democratic and Labour Party leader Mr. Gerry Fitt—will give the Boundary Commission discretion over whether there should be four, five, or six extra seats.

It is in line with a Speaker's Conference recommendation, which was published during the last session.

The Bill—the House of Commons (Redistribution of Seats) Bill—was promised in last week's Queen's Speech.

Rees promises prisoners list

THE HOME Office is to draw up a list of sentenced prisoners who are mentally ill, Mr. Merlyn Rees, Home Secretary, said in a Commons written reply.

He warned that a rapid solution to the problem was not to be expected. But he had discussed it with the Social Services Secretary David Ennals.

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COMPANY with large carry forward losses wishes to purchase close company with severe distribution problems. Write Box G.2671, Financial Times, 10, Cannon Street, EC4P 4BY.

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Ashley House, 30 Ashley Road, Altrincham, Cheshire.
Telephone: 061-928 9011

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62 New Broad Street, London EC2M 1JS. Telephone No. 01-628 9686

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Please write initially to the Finance Director, Box G.2891, Financial Times, 10, Cannon Street, EC4P 4BY.

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Tricorn House, Five Ways, Birmingham B16 8TP

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The London Business School was founded in 1965 with government and business support to provide a "centre of excellence" for management studies. The teaching and research faculty number 90 and more than 1,200 managers attend programmes each year.

Brochure and further details available from:
Miss Sue Caan, CEP Registration,
London Business School,
Sussex Place, Regent's Park,
London NW1 4SA. Tel. 01-262 5050.

London Business School

FUNDS WANTED

Profitable manufacturing/retail group T/O £5m seek £300,000 (secured) to finance the purchase and lease back (with option to re-purchase) of a Head Office warehouse/factory in South London. As the property has high potential the borrowers are prepared to agree attractive lending terms. Interested parties please contact Box G.2878, Financial Times, 10, Cannon Street, EC4P 4BY.

UNIQUE OPPORTUNITY FOR A LADY OR GENTLEMAN OF SUBSTANCE

to obtain executive directorship in well established company engaged actively in leisure industry.

Recent expansion opportunity requires new investment capital of £200,000. Fully secured. Profit sharing and emoluments by arrangement. Please write with curriculum vitae in first instance to The Secretary, Box G.2873, Financial Times, 10, Cannon Street, EC4P 4BY.

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The Company is well equipped with in-house pickling and painting facilities and actively engaged on in-situ site work in various petrochemical complexes. The company is situated in the North East, Teesside area.

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Enquiries to:
MESSRS. BEAUMONT & SON.
1 & 2, New Street, London EC2M 4TN. (Reference PS).

Luxembourg Holdings Company for Sale

incorporated 1973—authorised Capital 4 Million Luxembourg Franks — Price $10,000 US Dollars.

Full details from Box G.2893, Financial Times, 10, Cannon Street, EC4P 4BY.

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Write Box G.2896, Financial Times, 10, Cannon Street, EC4P 4BY.

BUSINESSES WANTED

RETAILING

Public Company seeks to acquire a chain of retail outlets operating in the leisure, footwear or clothing fields. Owners of these businesses are invited to reply stating number of outlets, location and type of operation. Existing Management would be retained and used as a nucleus for further expansion.

Please reply to: The Chairman, Box G.2883, Financial Times, 10, Cannon Street, EC4P 4BY.

LEISURE

Small quoted public company in the leisure sector (capitalisation £950,000) seeks to purchase and/or merge with other companies with a view to developing a broadly based leisure group. Please respond in confidence to The Chairman, Box G.2884, Financial Times, 10, Cannon Street, EC4P 4BY.

ACQUISITIONS

Substantial Group of Private Companies wishes to acquire profitable businesses operating in Services and Manufacturing Industries.

All replies will be treated in the strictest of confidence and should be marked for the personal attention of the Chairman, Box G.2887, Financial Times, 10, Cannon Street, EC4P 4BY.

COMPANIES WANTED

COMPUTER BUREAUX AND SOFTWARE COMPANIES

U.K. Company wishes to purchase a controlling interest in a computer bureau or a computer software company (annual turnover up to £1m).

Please send brief details to Box G.2875, Financial Times, 10, Cannon Street, EC4P 4BY.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● MATERIALS

Conductive paints

PIRELLI General is considering a new method of applying electrostatic screens to its polymeric cable accessories in the 33kV to 132kV range, using conductive paints developed by Johnson Matthey's metallising preparations group.

An essential part of a joint or a termination is a stress cone, whose function is to control the electrostatic field in such a manner that the electric stress within the accessories does not exceed safe operating limits. Development work on earth screening of polymeric accessories using conductive paints is in progress.

In the case of polymeric cables there is also a need for providing barrier joints between oil-filled cables or, in general, paper-insulated oil/compound-impregnated cables and EPR or XLPE cables.

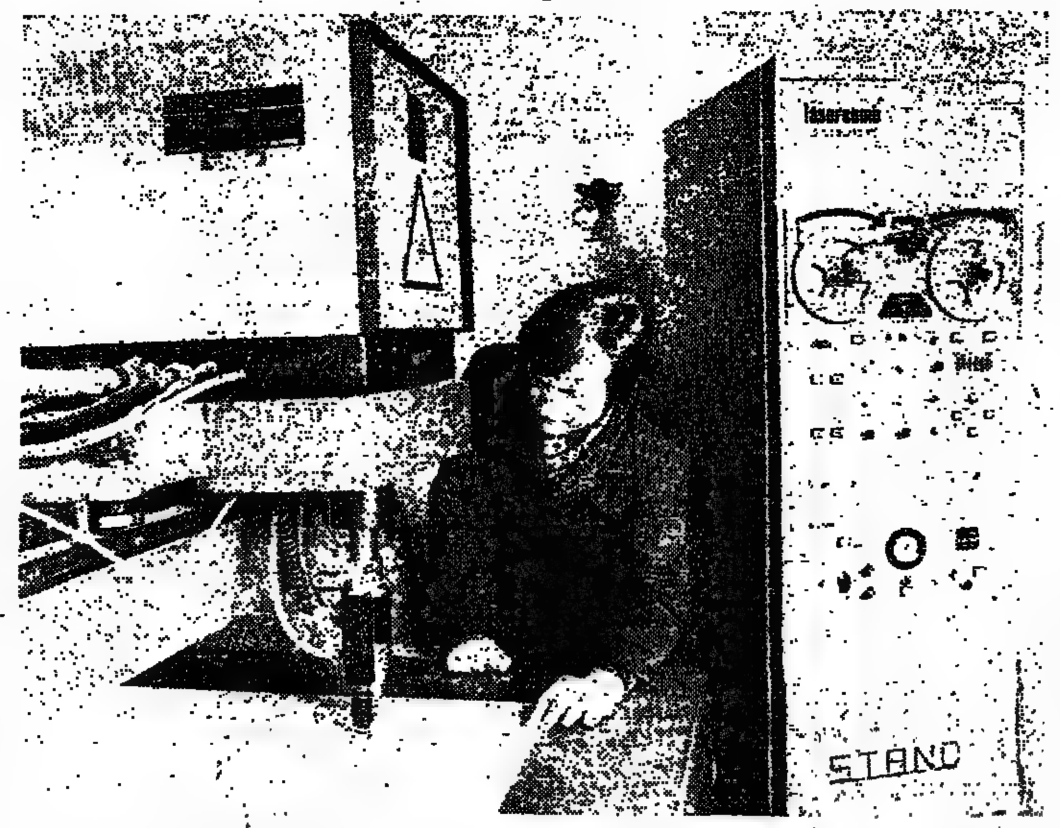
At present Pirelli is investigating a number of Johnson Matthey conductive paints to act as an electrostatic screen on joints or terminations and give a void-free bond to materials used in making such accessories; remain permanently flexible and retain conductive properties throughout the life of the cable; and be simpler and quicker to apply than a wound wire screen, at a reasonable cost.

A recent Pirelli development is a barrier joint. It is hoped to provide an earth screening for this joint using conductive paints. A distinct advantage of these is that they can be applied with a brush on site and cured over a period of 24 hours at 20 degrees C.

Although many jointing techniques on polymeric cables have been based on methods and procedures applicable to oil filled cables, Pirelli is looking for modern materials and new techniques better suited to these new cables and their accessories.

Johnson Matthey Chemicals recently set up a business team to exploit the market for metallising preparations. The new team is based at Royston, Hertfordshire.

Johnson Matthey, Orchard Road, Royston, Herts. 0763 44161.



Installation of a numerically controlled laser system for die-board cutting is reported to have been a major factor in increasing the turnover of Arden Dies of Marple, Greater Manchester, by over 25 per cent in 18 months with a further potential increase of another 25 per cent in the near future. Arden Dies is one of the leading cutting and creasing die-board makers for the paper conversion industry. A 35-carton layout that took 40 hours to draw and cut by conventional methods can now be drawn and cut by this system in four hours, one hour for programming and three hours for cutting, to an accuracy of plus or minus 0.004 in. The equipment used is this Lasercomb system consisting of a numerically-controlled Ferranti MF400 laser, an X-Y table and a laser-following plotter table. The software for producing the paper tapes for numerical control has been mostly developed by Dr. T. R. Crossley of the Mechanical Engineering Department of Salford University.

Provides the gloss

DRY FILM lamination (DFL) involves laminating polyethylene from the reel to any printed or unprinted board or paper without the use of an adhesive, the main advantages being the high gloss given to any surface on any ink, combined with the inherent protective properties of the film.

Glossifilm is now in commercial production of the laminates after trials completed last June.

An early fillip for the product came from a horticultural company which required to have the reverse side of a white lined chip laminated to produce cartons for soil testing. The ability of the finish to bond to any surface solved the problem and the cartons are in use.

Another new field is the lamination of the reverse of header cards enabling the header to be heat-sealed straight to a polyethylene bag.

The machine set up in Reading laminates work in sheet form but it is possible to convert for reel to reel work. The laminating machine and feeder are of Spanish manufacture and are supplied by Sevimer S.A. of Barcelona, to Glossifilm on an exclusive basis in the UK. The process itself is patented in Spain and the patent has been applied for in the UK.

The machine can process sheets to a maximum size of 1000 mm x 1380 mm (39.3" x 54.3") and a minimum of 350 mm x 320 mm (13.8" x 12.6"). The process at present is limited to paper or board with a weight of more than 150 gsm but current developments are aimed to reduce the limitation to 100 gsm.

Glossifilm, Laminating Division, Elgin Road, Reading RG2 0DQ. 0734 599666.

Higher output achieved

CONCRETE PAVING slabs are said to be produced very efficiently by automatic machinery marketed by Henke (GB), Moorfield Industrial Estate, Yeadon, Leeds, LS19 7BN (0532-502145).

One operator can produce 450 slabs in a working day handling all production operations, says the company. Previously, working by hand, and using moulds, it took two men to produce 300 slabs per day.

Two Henkematic 500 tonne machines have been installed at Stocks Brothers (Lion Concrete) of Garforth, who says that if demand for the slabs continues to rise, it will instal a third.

The first machine was used to produce the two common sizes of paving slab, 600 x 600 x 50 mm and 600 x 900 x 50 mm, then size changing was eliminated with the introduction of the second machine, so that one size is now made on each machine.

Slabs up to 230 mm thick can also be made on the machine, if required.

An exact amount of aggregate cement water mixture is fed by the machine into a mould which is then traversed to a pressing station where hydraulic pressure, at 90 kg/cm², compacts the mixture to a high density. The mould is returned and the slab is automatically ejected. It is then tipped by hand on to its edge on a pallet carried on a conveyor.

Only enough water sufficient for the required chemical reaction is used in the mixture, thus, no water has to be squeezed out of the slabs during compaction. As the process is, therefore, clean, it does not threaten environmental conditions—a particularly important factor as Stocks Brothers is sited adjacent to a modern housing estate.

● COMPONENTS

Blinks as time passes

SERIES 328 time delay relay from Havant Instruments is a rugged dial-adjustable device providing a choice of six timing ranges and three modes of operation in a single unit. It also introduces a new method for indicating the progress of the cycle.

Based on MOS digital circuitry it has a transformer-coupled power supply to protect against transients. The six timing ranges offer maximum delays from 1 s to 10 h and there is provision for on-delay, off-delay and interval operation. The output relay has a minimum life of 100m operations.

Progress of the timed cycle is shown by an LED lamp that blinks at an increasing rate as the cycle progresses. At 10 per cent of the cycle the LED blinks once, at 20 per cent twice, at 30 per cent three times and so on at 10 per cent increments.

Havant Instruments, Unit 3, Westfields, Horndean, Hants. Horndean (0705) 596020/596045.

Signals are converted

FOR USE in process instrumentation work are pneumatic-electric and electric-pneumatic signal converters announced by VDO Instruments of Tunbridge Wells.

These compact units have all the components mounted on a single 100 x 160 mm Eurocard and are packaged as plug-in modules for mounting in 19-inch racking; the width is only 35 mm, allowing a dozen cards to be stacked side by side. For field use a card can be housed in a weatherproof case.

Operating on the force-balance principle, the instruments offer high immunity to shock and have very good linearity—the deviation is less than 0.1 per cent.

The converters are available in signal ranges 0.2 to 1.0 bar and 4 to 20 milliamps. Supply requirements are either 240 or 24 volts, 50 Hz, or a pressure of 1.4 ±0.1 bar.

The company is at 56, Mount Ephraim, Tunbridge Wells, Kent, TN24 8BB (0892 39344).

Electricity consumption reduced

DESIGNED TO keep fuel bills in off-peak commercial and domestic heating installations to a minimum, controllers introduced by Pactrol are intended to ensure that heaters etc. store only the amount of energy actually needed, quickly, and as near as possible to the end of the off-peak period.

Speed of input and lateness are aimed at reducing the losses in the storage mass to a minimum — unlike many installations where a thermostat applies full electrical input at the start of the off-peak period, and after the maximum temperature has been reached simply switches the input on and off to cancel the losses and keep the stored heat at constant maximum.

In the Pactrol SHC control for example, the user can decide how much heat he wants to store (it will depend on temperature preference) and this can be adjusted by in response to inside or outside temperature. The unit will then charge up the storage heat to the required extent, as late as possible in the off-peak period. Savings of 10 to 30 per cent in consumed electricity are claimed.

Pactrol is at P.O. Box 123, 48 Greenhey Place, Skelmersdale, Lancs WN8 9SA (0695 22191).

Runs motors slowly

ASEA, international manufacturer of electrical equipment, has developed a new ac convertor for the speed control of slipring induction motors. The convertor, which has the type designation YQTH forms part of the ASEA variable-speed induction motor drive system ASTAT.

The new unit is for applications where it is necessary to run motors at low speeds for brief intervals. Crane, winch and hoist drives are typical examples. It is possible to control slipring motors with rated currents up to 700 A.

Torque produced by an induction motor is proportional to the square of the primary voltage. By using a thyristor convertor it is possible to vary the primary voltage from 0 to 100 per cent of the supply voltage, and, consequently, the speed. A control system incorporating a tacho-generator, current controller and speed controller keeps the set speed constant, independent of load variations. Electric counter-current braking with current limiting ensures smooth retardation and reversing, thus minimising stresses on the motor, mechanical brake and supply network.

The new unit is designed to operate in harsh environments where, for example, moisture, wide temperature variations and vibration may occur. The drive system incorporates a number of protective features built into the convertor. These include thermal protection and loss-of-torque protection.

Further from ASEA, Villiers House, 41, Strand, London WC2N 5JX. 01-930 5411.

● DATA PROCESSING

Information for Prestel

ONE OF the largest of the "information providers" to the Post Office Prestel Service, Baric Computing Services, with some 8,000 pages earmarked, has signed up its first major customer—Comet Radiovision Services.

Baric is one of some 200 information providers for Prestel, at the moment going through a test period due to end in March next year. It is hoped that about 20,000 sets will be able to receive the service by next summer.

As an encouragement, Comet is subsidising the user's charges so that its information will be available free, although each user will pay the Post Office charges of 2p per minute plus the cost of the 'phone call he makes.

Comet will take 400 of Baric's pages to provide information of a similar nature to that appearing in the familiar newspaper advertisments: location of the branches, and the price lists.

Updating takes place weekly, the new data going in to the Post Office data bank every Saturday night. In the first year Comet is spending about £10,000 with Baric.

Baric, Forest Road, Feltham, Middlesex (01-890 1414).

Plotter has a brain

A MULTICHANNEL x-y plotter with data processing and storage facilities has been developed by Bryans Southern Instruments.

BS8000 analogue signal processor will digitise, record and process up to eight channels of information. Either raw or processed data can be plotted, or if desired, stored on the flexible disc for future use.

There are various modes of data acquisition. For example, recording can occur on pre-set triggering or on event triggering at speeds up to 20,000 points/sec for a single channel. Alternatively the unit can record at regular intervals as few as 86 points per day, corresponding to a maximum recording time of 4½ years.

Simple keyed commands control the instrument or allow data processing before plotting. Data from any channel can be integrated, differentiated, scaled, expanded, smoothed or turned into logarithmic or reciprocal form. Information from any two channels can be compared.

Each disc is equivalent to 100 yards of paper, but any sequence of data can be retrieved in graphical form in a few seconds.

Willow Lane, Mitcham, Surrey, CR4 4UL (01-648 5134).

Characters recognised

ALTHOUGH for some time OCR Scandata has been able to offer equipment that will read either hand-printed letters or numbers, the latest system is able to identify both in mixed text and has recently been ordered by Lloyds Bank which has now purchased over £¾m of OCR equipment from the company.

As in the company's previous systems the characters are scanned optically with a horizontal and vertical raster and what is seen in each grid square is then subject to logical recognition processes to make the 36 distinct identifications (26 alpha, 10 numerals), together with six other standard symbols. The data is stored on disc.

One of the problems with the system—and the company admits that it would involve unwarranted expense to eliminate it—is that the person filling in the document has to observe certain rules. For example, to distinguish alphabetical "O" from zero, the former has to be written with a vertical stroke through it. Similarly the letter "Z" needs a horizontal bar to distinguish it from numeral "2."

In addition, each "box" on the forms used has to be more or less filled up, but without touching the edges, and there must be no gaps in the strokes of the character in each "box."

According to Scandata, however, this is a small price to pay to obtain the data entry cost advantages that the system is said to offer, and can in any case be reduced by short training programs for operators. Lloyds, for example, is stated to be achieving error rates of 2.75 per cent on letters and 0.5 per cent on numerals after simple operator training.

Errors that do occur are afterwards corrected using a VDU and keyboard system. Each unidentified character (a real image of what was written) appears on the screen with the character to the right and left of it. The appropriate correction is usually evident to the operator who then simply presses the right key to correct. Characters can be corrected at a rate of about one every two seconds. The documents themselves are scanned at about 1,600 characters per second.

Scandata has put forward cost effectiveness figures for the system based on entering 5,000 pages with 300 characters per page, assuming an error rate of 3 per cent, each day.

The comparison is made with key to disc, for which 150 hours of keying time are surmised, against 2.5 hours of scanning using OCR. Operators required for 15 hours of correction on OCR are put at three, ten times as many being needed for key-to-disc entry. The six-year amortised capital cost of equipment in the two cases is fixed at £45,000 per annum for OCR and £15,000 for key-to-disc, while the cost of the 30 operators is taken to be £180,000 per annum for keying, £18,000 for OCR. With annual maintenance estimated at £23,000 for the more complex OCR system (£8,000 for key to disc), the total cost of preparing the data comes out at £203,000 for keying, but only £86,000 for OCR, an annual saving of £117,000.

To try to bring the potentialities of the equipment to a wide range of possible users, Scandata has opened a demonstration centre at Hounslow. Two other clearing banks are said to be interested in the equipment and the company is also believed to be wooing the oil companies (for dealing with documents such as agency cards at filling stations) and even mail order companies, although in the latter case problems might arise in training a wide geographical spread of selling agents to write characters correctly.

OCR Scandata, Queen's House, 2 Holly Road, Twickenham TW1 4EW (01-891 0156).

● TELEVISION

Camera will think for itself

DEMONSTRATIONS OF the new RCA TK-47 automatic colour television studio and field camera offers extreme simplicity of operation and microprocessor-controlled functions.

Automatic features controlling operation allow the camera operator to concentrate on picture composition and other creative aspects rather than on camera adjustments.

TK-47 automatics also extend to the normally complicated and time-consuming camera set up procedure. Microprocessor-controlled systems provide computer-aided, semi-automatic set up of the camera, or, optionally, totally automatic set up and pre-operational-check, at the touch of one pushbutton.

Four separate components make up the TK-47. Normal operation requires the camera head, the camera processing unit (CPU), and a remote control unit (RCU). For setting-up operations, the set-up terminal is added, but is disconnected from the system once the required adjustments are made.

The camera head is rugged, weatherised, and includes an ultra-stable shock-mount optical system and a large, tiltable, rotatable viewfinder.

The camera processing unit (CPU), which incorporates circuitry for video signal processing and endcoding, is like the camera control unit of conventional cameras, but the controls have been removed so that it becomes a "black box" interface for the camera chain.

Remote control unit (RCU), which provides full operational control for the camera, is a digital device that is connected to the camera processing unit by a simple cable with only two twisted pairs.

"Automatics" is an option that automatically sets-up the camera for optimum performance at the touch of a pushbutton. The microprocessor-controlled system automatically adjusts more than 80 control functions, cycling through the complete camera set-up sequence, without operator involvement.

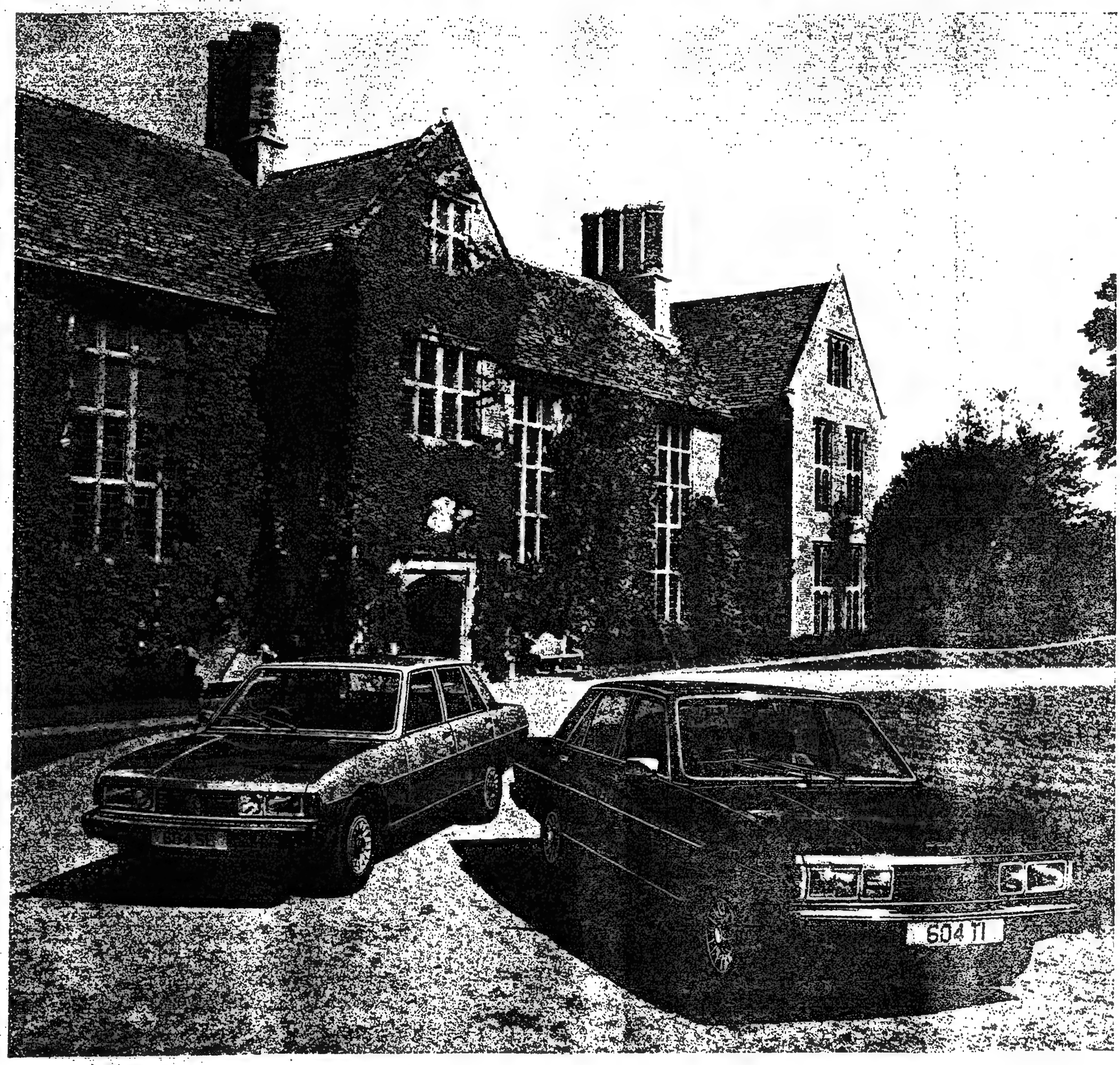
The pre-programmed electronic memory continually monitors, compares and corrects the camera set-up with data measured from key points in the picture, automatically adjusting registration, shading, level set, gamma tracking, electronic focus, and beam alignment.

RCA Brodcast Systems, Camden, N.J. 08102 U.S.

مكتبات الأصل

مكتبة من الأصل

Peugeot 604–
An expression of sheer luxury.



If you are looking for a luxury saloon, the Peugeot 604 range is one not to miss.

The new 604 range combines style, comfort and power with the traditional Peugeot strength and safety.

The 604 is in fact becoming a symbol of a certain measure of success, not pretentious, but a classic blending of elegance and refinement.

The interior of the 604 is perhaps the last word in luxury. The elegant dashboard is the result of carefully engineered styling and houses a bank of well positioned controls and easy to read dials with curved protected glass eliminating the distraction of reflections.

Take a seat, front or rear; you can be forgiven for imagining that you are settled in your favourite arm chair at home, head and leg room are exceptional and there is a large fold down central arm rest at the rear which often doubles as a writing surface.

You have a choice of upholstery, rich velour or on certain models sumptuous leather, and this is complemented with thick pile carpets front and rear.

Technically, the car is a delight. It is powered by an over-square 2.7 litre V6 engine built from lightweight aluminium and has twin cam shafts for maximum flexibility. There are two models to choose from, the SL carburettor, or for those seeking that edge on performance, the TI with Bosch K Jetronic fuel injection system.

The all-round independent suspension system with anti-roll bars front and rear ensures a smooth comfortable ride and excellent road holding.

It has a superb braking system which is servo-assisted with discs all round, ventilated on the front to protect against brake fade.

Automatic transmission is available on both the SL and TI, or alternatively a 4 speed manual gearbox for the SL or 5 speed for the TI.

Equipment is naturally of the highest level, electrically operated sun roof and front windows, halogen headlights, rear fog lights and driver's door mirror adjustable from the inside of the car.

The TI's standard specification is further enhanced with tinted glass all round, electric windows front and rear, superb deep lustre metallic paint finish with a final coat of clear protective lacquer, centralised pneumatic door locking system and electronic ignition.

Leather upholstery, air-conditioning and headlight wipers are available as options on certain models.

Prices for the 604 range start as low as £6715 for the SL and go up to £9227 for the 604 TI with automatic transmission, leather upholstery and air-conditioning.

Main service intervals are once a year or every 10,000 miles and there is a straightforward 12 month unlimited mileage guarantee.

So, if it's luxury motoring you require at a sensible price, why not take a test drive in one of the 604 models from one of our 231 Dealers throughout the country.

Please send details on the 604 SL and TI.

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Sour charity · Booze boss · Pay consultancy

BY MICHAEL DIXON

A NOTABLE daftness has just ben reported by reader Pauline Hyde. It is the more dumbfounding for having impeded Mrs. Hyde in her efforts to do something to ease the unemployment about which there is so much public and official fuss.

Her scheme to set up a "self-help" centre on the Transatlantic model for jobless older managers and specialists, was first disclosed in the Jobs Column nearly 18 months ago.

Help from organisations including ICI, Shell, British Steel, ATV and Cadbury Schweppes has since enabled her to start her Forty-Plus operation, nonprofitmaking by design, in Templar House, 81-87 High Holborn, London, WC1V 6LS—telephone 01-242 4875.

By attending the centre, and helping to run it, displaced executives who have the extra disadvantage of being over 40 can escape the isolation which so often makes job-hunting from home a soul-deadening experience.

They also have the facilities of a reference library equipped with appropriate newspapers and magazines, and can call on secretarial help. And as well as the support of fellow job-hunters, users can draw on expert counsellors for advice on improving their self-marketing and other skills.

Thanks to the collaborating organisations, Mrs. Hyde has been able to keep the fee for using the centre down to £300 for a six-month stay, which is below economic cost.

Even if she had unlimited funds from donations she would still charge a fee, she says, because the fact that the users are paying helps to concentrate their minds. But she feels that the £300 charge is too high, because a good many potential users clearly cannot afford the expense of attending, particularly when they come from the numerous ranks of jobless managerial-types who live a good way outside London.

In her quest for ways of reducing the fee, she not long ago hit on a seemingly natural solution. It was to gain financial relief by having Forty-Plus registered as a charity. After all, it is a non-profit organisation which aims to help experienced workers, many of them embellished with impressive paper qualifications, to escape from the much lamented "social evil" of unemployment.

So being a self-helper herself, she popped round to the appropriate branch of officialdom to see about getting the centre accepted for charitable status.

After a ponderous pause, however, all that the bureaucrats could say, apparently, was: "What a pity." If only the organisation established by Pauline Hyde had been devoted *to studying* the problems of unemployed managers aged 40 and over, it could well have been granted the benefits of a charity.

Since she had made the mistake of gearing Forty-Plus instead to helping the managers to *solve* those problems, her application was unfortunately disqualified.

But Mrs. Hyde is not one to be so easily discouraged. She carried on with the good work regardless, and has lately been much cheered by the centre's first definite success.

Its first client, 51-year-old Edward Wilkie has recently landed the prize job of administrative controller for Europe with a big Chicago-based concern. And it took him only four months to land it—which is the average re-entry time recorded by the clients of the much longer established Canadian Forty-Plus operation.

The UK originator, who was expecting success to be considerably longer a-coming here, is pleased. And so am I.

It transpires that the Chicago company, on deciding that it needed a European controller, got in touch with its accountants in the UK and asked if this country had any centre for jobless experienced executives equivalent to the self-help operations run on the other side of the Atlantic.

The accountants remembered the note about the London Forty-Plus scheme, which appeared in this column on June 23 1977, communicated the news to Chicago, and Bob was Mr. Wilkie's uncle.

Even so, I am still bothered by the official ruling on Mrs. Hyde's application for charitable status. It already seems eminently clear that this country's apparatus for getting people back into productive jobs is considerably less well upholstered than its arrangements for pondering and otherwise temporising with the unemployment problem. And all that the charities regulations appear able to encourage is still more study.

It is hard to avoid viewing this as yet another symptom of the disease which Americans call "analysis paralysis."

U.S. opening

STAYING with America for the moment, the Jobs Column has exclusive news of an opening in the U.S. for a top professional manager to take complete charge of a relatively small distilling and bottling operation which has been running near New York for 45 years.

At present producing "private label" brands, the concern is 86 per cent owned by a European group which is offering the post through international head-hunter Jo Jacobsthal, of European Marketing Systems (5 Avenue Beaumont, CH-1700 Fribourg, Switzerland — Tel. 037 24 32 80; Telex 36152).

He may not name the companies, but promises to honour a request by any applicant not to be identified to the employer until specific permission has been given.

Candidates should be general managers demonstrably able to head the whole of a liquor business, with a "strong, pleasing personality" suited to American ways of working.

Salary around $50,000. Results-based bonus. Chance of shareholding.

Perks person

AN ACCOUNTANT, probably a bit younger than 30 and of entrepreneurial outlook, is wanted by the City-based Employee Benefit Services. EBS provides consultancy services and systems to companies anxious that as much gain as possible from the pay and other benefits they provide should be received by their employees, thus maximising also the return to themselves.

The newcomer will have thoroughgoing knowledge of personal taxation, and must develop rapid competence in the fast extending craft of designing "cost-effective remuneration." This calls for productive co-operation with actuaries, legal specialists, and personnel experts.

Duties also include internal administration, and the translation of ideas into working procedures and packages with, where necessary, approval by the requisite authorities.

Starting pay about £8,000, plus car. Brief curriculum vitae to Dryden Gilling-Smith, managing director of EBS, at 38, Finsbury Square, London EC2A 1PX.

Skill-finders

RICHARD BROYD wants to hear from recruiters with enough expertise in some particular section of the skilled labour market to set up a specialist recruitment branch of the £7m-turnover Career Care Group, of which he is chairman.

The expertise should be in some "regular area of demand" other than accountancy, which CCG thinks it already covers sufficiently. It also deals with insurance, banking, and contract technical staff including draughtsmen in London and some other cities, but is interested in extending these to other places as well as entering new specialisms.

Backing for newcomers would include starting salary of £8,000-£10,000. Proposals plus brief curriculum vitae to Mr. Broyd at 41/2, London Wall, London, EC2.

INVESTMENT ANALYST–ENGINEERING

25-35

An opportunity arises in a major firm of stockbrokers for an engineering analyst. The ideal candidate, probably a graduate, will have gained his/her experience as an analyst in the engineering sector. They should be:

★ Articulate and capable of discussing investment ideas with institutional investors.

★ Have the intellectual ability to produce investment research material of the highest standard expected by our client.

The position offers a first-class career opportunity with a firm which is a leading name in the investment world.

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for a British group in a process industry, which occupies a leading position in its field with a turnover exceeding £100m. from international operations. The Secretary's responsibilities cover legal advice and group administration, including administration of the pension fund and the London Head Office, in addition to the statutory duties.

Aged 35 to 50, candidates must be barristers or solicitors with experience of similar responsibilities in an international context.

Salary about £13,000 to £14,000 plus London allowance. Non-contributory pension. Car provided.

Please send relevant details — in confidence — to P. Hook ref. B.26413.

This appointment is open to men and women.

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Chief Executive

Overseas Ventures

This appointment is to take charge of overseas business development – principally joint ventures – for a British group poised to exploit the overseas potential for its products which are already pre-eminent in UK construction markets. The task is to identify, establish and develop overseas joint ventures. Accountability is to the Group Managing Director.

Candidates must have a successful profit responsible general/commercial management record linked to well developed negotiation skills. Overseas experience, preferably in third world or developing countries, will be needed. A civil engineering background is desirable but not mandatory. Age 35 to 50.

Remuneration between £12,500 and £15,000. Car. Re-location help to Midlands.

Please send brief details — in confidence — to E. I. Clark ref. B.75056.

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Up to £7,500 + bonus etc.

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Please send a curriculum vitae to:

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Fund Management

Major Merchant Banking Group

Our client, an accepting house, is one of the major forces in the investment scene. They operate a complete range of investment services for both Institutional and Private clients. They are also one of the largest Unit Trust Managers and are linked with a large scale Life Assurance operation. Due to expansion they wish to increase their London investment team by two men/women.

Overseas Fund Manager

The role envisaged combines active fund management of new and existing funds. The main concentration will be on Far Eastern funds and it is in this area that experience is sought.

The role is a senior one and intellectual qualification levels should be in keeping. People will be considered who have above average knowledge of worldwide markets and limited Far Eastern exposure. Age 28-35.

UK Fund Manager

In order to increase the range of Unit Trusts under management further support is needed in the Investment Management team. The person sought will combine an analytical background with a flair for fund management. Aged 25-30. Minimum 3 years investment experience, not necessarily of institutional funds but with a well-known Bank, Insurance Company or Broker.

Above average salaries/total remuneration packages apply in both cases. These include subsidised mortgage, non-contributory pension etc. and a generous bonus-level in line with Stock Exchange practice.

Full details please to Colin Barry of Overton Shirley and Barry (Management Consultants), 17 Holywell Row, London EC2A 4JB.
Tel: 01-247 8274.

Overton Shirley and Barry

SUPERANNUATION OFFICER

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Based at our Altrincham Headquarters, and reporting to the Director of Finance, the successful applicant will be responsible for the administration of the Region's pension schemes in respect of approximately 10,000 members and 5,000 pensioners including the preparation of final accounts, acting as Secretary to the pension schemes and administering the committee structure within these schemes.

Wide experience of pensions administration, ideally of industry schemes, is essential, and a professional qualification would be an advantage. Applicants must have a sound knowledge and a high degree of ability in interpreting and implementing legislation relating to pensions.

Salary within the range £6882-£8157.

Please telephone for an application form and return it quoting reference B139/R/FT by the 17th November 1978 to the Director of Personnel, North West Gas, Welman House, Golf Road, Altrincham, Cheshire WA15 8AE. Telephone: 061-928 6311 ext 493.

NORTH WEST GAS

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COMMODITY Graham Stewart APPOINTMENTS

STEEL TRADER

An opportunity exists in a Major Trading House for a young trader with some experience (ideally 2-4 years) and currently earning a salary around £4,500 p.a. Preferably a Graduate or good "A" level background and in the age range 22-27. The Company can offer extensive international experience and salary appropriate to the candidate's background, will be negotiated.

Write or telephone:

COMMODITY APPOINTMENTS,
8, Egmont House,
116, Shaftesbury Avenue,
London W.1.
Telephone: 01-439 1701.

banque

Banque de dépôts, filiale d'un important groupe français, nous nous sommes construits une forte image de conseil de nos clients, que nous assistons de plus en plus au niveau de leurs activités internationales en nous appuyant sur des unités spécialisées que nous avons implantées à l'étranger. Dans le cadre de ce développement, nous recherchons le

directeur du département étranger

Nous attendons de ce dirigeant de haut niveau qu'il nous aide à élargir nos compétences, en particulier dans les opérations de financement international. Pouvant justifier d'une expérience réussie par exemple comme directeur de branche à l'étranger, dans une structure de taille humaine qui lui aura permis de prouver ses qualités de manager, faisant preuve d'une grande disponibilité, il saura gérer le quotidien avec le tempérament qu'implique notre structure réduite et le style de relations dynamiques que nous avons avec nos clients.

Il animera une équipe d'une vingtaine de collaborateurs, et aura également sous sa responsabilité le service change.

Une évolution de carrière très brillante peut être envisagée par un candidat à forte potentialité. La rémunération de départ très ouverte sera fonction de l'expérience acquise.

Jean Masson vous remercie de lui adresser vos dossiers de candidature sous référence 2559 au 1, rue de Berri - 75008 Paris, et garantit le secret des contacts.

bernard julhiet psycom

DIVISIONAL FINANCIAL CONTROLLER

This is a new appointment. It is the top line accounting job within this highly successful and rapidly growing Division – with 13 subsidiaries – *and part of a British Company with an exceptional* growth record – net worth and profit more than doubled in four years.

The challenge is to provide an efficient and economic information and control system (manual and computer based) from which management, at all levels, can make decisions that will enhance the prosperity of the Division in the short, medium, and long-term.

The prime task is the management of the total accounting and finance functions of the Division. Responsibility is to the Managing Director.

The requirement is for a record of attainment in all aspects of accounting for profit on time with precision. Ideally experience will have been in the industrial or commercial service sectors where the tempo is fast, the standards of performance stringent, and in which there is breadth of commercial interests.

The opportunity is for a qualified accountant, preferably aged early 30's, to demonstrate business judgment, professional competence, and to be involved fully in decisions that lead to improved performance.

The salary indicator is £10,000 with attractive conditions of service including car provided. Location is West Midlands.

Letters from suitably qualified men or women should include a detailed curriculum vitae including salary progression to date which will be handled in confidence by Dr A G Roach.

ROACH

A G ROACH & PARTNERS,
MANAGEMENT CONSULTANTS
8 HALLAM STREET, LONDON W1N 6DJ

Group Controller

Monte Carlo

A major international shipping group wishes to strengthen its financial management by the appointment of an outstanding accountant to the position of Group Controller.

Reporting directly to the Group Finance Director, he will be responsible for co-ordinating and reviewing group results and budgets which will involve liaison work throughout the organisation. He will be required also to develop existing accounting procedures, including EDP applications, and he will be involved in the implementation of corporate policy. There are 30 staff who will be directly responsible to the Controller.

We are inviting applications from Chartered Accountants, ideally aged between 30 and 40, who can demonstrate all round accounting expertise, including experience in systems development. The business is conducted mainly in English, but a knowledge of French would be an advantage. The position is based in Monte Carlo and there will be some international travel.

The remuneration package includes a substantial salary, full relocation expenses and other benefits associated with a major international group. There is no personal income tax in Monaco.

Please write in confidence, quoting reference T893/FT, enclosing concise personal and career details, to D. E. Shellard.

AYMS
Arthur Young Management Services
Rolls House, 7, Rolls Buildings
Fetter Lane, London EC4A 1NL

Merchant Banking

The Banking Department of Robert Fleming & Co. Limited seeks a qualified person in law or accountancy aged early to mid-20's to assist with the administration and development of a growing term lending portfolio. Previous banking experience not essential.

An attractive initial salary will be offered with good prospects for the future as this is an expanding organisation. Remuneration also includes worthwhile fringe benefits.

Apply in writing enclosing curriculum vitae to
Tom Phillips, Robert Fleming & Co. Limited, 8 Crosby Square, London, E.C.3.
Tel: 01-638 5858

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We seek an experienced F.X. & Money Manager, with a track record with first-class institutions. The appointee, ideally aged 35-40, will be well-known and respected within the Foreign Exchange market with the experience, contacts and stature to further establish the bank's connections both in London and overseas. The task is to develop London branch as the bank's principal centre of Money Market activity.

OPERATIONS MANAGER — £15,000+

The branch Operations Manager will be responsible for establishing, and subsequently managing, the Accounts, Control and Computer areas, including writing procedure manuals. A thorough understanding of Foreign Exchange accounting, and an in-depth knowledge of computer operations, are essential. We invite applications from experienced Operations Managers, ideally aged in their 30s, who would be attracted by the challenge of a new operation.

ACCOUNTANT (A.C.A.) — c. £10,000

The Branch Accountant, reporting to the Operations Manager, will have day-to-day responsibility for supervision of the accounting and daily book-keeping functions. Candidates will ideally be Chartered Accountants, with a detailed knowledge of international bank accounting and systems; this knowledge may have been acquired as a bank employee, or through extensive professional experience of bank auditing. Preferred age is 25-32

Our client will interview candidates on the 17th November.

In the first instance please telephone KENNETH ANDERSON (Director).

170 Bishopsgate London EC2M 4LX 01-623 1266/7/8/9

Company Secretary/ Accountant

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c. £10,000 p.a.

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To head up the Secretarial and Accountancy functions of the new Company an experienced A.C.A. or A.C.I.S. is now looked for. Previous Insurance involvement is essential—ideally in the service of a developing Insurance Company.

In the first year a p.i. of some £8M (gross) will derive from nationally controlled sources. In year two this figure will be substantially increased by the general acceptance of London Market business.

Salary will be negotiable around £10,000.

For further information about this important position please contact our Managing Director, Mr. D. R. Whately, who himself possesses an Insurance background. His private telephone number is 01-623-9227 and the reference is 446.

WHATELY PETRE LIMITED, Executive Selection,
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WPL

FINANCIAL CONTROLLER

Tunbridge Wells to £11,000 + Car

Our client is a substantial private group with an impressive growth record and ambitious development plans.

Recent expansion has significantly increased the demands on the finance function and as a consequence, the company is now planning to recruit a Financial Controller who will report to the Financial Director. After an initial induction period, the successful candidate will have responsibility for controlling the preparation of the financial and management information, interpreting the results for non-financial management, and for developing the company's computer based procedures.

Candidates will be qualified accountants probably aged 28-32 who have previous experience in either commerce or industry. Exposure to developed computer based procedures will be an advantage and candidates must demonstrate the personal presence and commercial acumen to succeed in a demanding environment.

For further information and a personal history form please contact Nigel V. Smith, A.C.A. or Robin F. Taylor, B.A., C.A., quoting reference 2294.

Commercial/Industrial Division

Douglas Llambias Associates Ltd.
Accountancy & Management Recruitment Consultants,
410, Strand, London WC2R 0NS. Tel: 01-836 9501
121, St Vincent Street, Glasgow G2 5HW. Tel: 041-226 3101
3, Coates Place, Edinburgh EH3 7AA. Tel: 031-225 7744

DLA

Financial Director (Designate)

Croydon area • £12,500+car

This is a key appointment in a well established multi-£m business engaged in the food distribution industry with special emphasis on marketing canned, frozen and fresh meat and poultry products to wholesalers, multiples and caterers. The Company has a sound growth/profit record and is currently diversifying its product range.

Reporting to the MD, the main task will be to direct, control and co-ordinate all financial activities of the company including accountancy procedures, taxation matters, budgetary control, company law, computerisation as well as general administration. Strict credit control is an essential element of the business and therefore direct experience in this area is vital.

Ideally, we are seeking a versatile qualified accountant in the 35-45 age bracket with at least 5 years commercial experience at senior level in a small to medium sized company where he/she has been fully involved in developing the enterprise.

The remuneration package is fully negotiable and candidates earning more than indicated above are also invited to apply. Agreed relocation costs will be reimbursed.

Please write, in confidence, with relevant career details, to M. G. Johnson, at Bull, Holmes (Management) Limited, 45 Albemarle Street, London, W1X 3FE, quoting ref. 813.

Bull Holmes
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CORPORATE FINANCE: NEW ISSUES £ Negotiable

Our client is the London office of a major international investment bank. We are assisting in the recruitment of an additional Executive for the Corporate Finance Department, who will be responsible for negotiating financial arrangements with European borrowers.
The ideal candidate would be in the age range 30–35, hold a professional Legal or Accountancy qualification and preferably have proficiency in a second European language. Some years' merchant or investment banking experience in the field of international corporate finance, particularly the negotiation and structuring of New Issues, is essential. An excellent remuneration package will be offered. *Please contact: ROY WEBB*

EUROBOND SETTLEMENTS to £6,600

A leading investment bank, active in the Eurobond markets, is seeking to appoint an additional Settlement Clerk. Candidates will ideally be aged under 28, and should have good experience in Eurobond primary and secondary market operations. A bonus will be payable, in addition to a competitive basic salary.
Please contact: ROY WEBB

170 Bishopsgate London EC2M 4LX 01-623 1266/7/8/9

The Royal Automobile Club RAC

Finance Director

£20,000 per annum plus benefits

This new position is a stimulating opportunity to participate, through the financial accounting function, in the current re-organisation and further development of the RAC comprising its large (£35m. turnover) motoring organisation, its supervision of Motor Sports and two large clubhouses in Pall Mall and Epsom. A new Board and Management Committee have been appointed recently with a commitment to strengthen the commercial management ingredient. The Finance Director will report to the Executive Chairman and will have three senior accountant subordinates.

Candidates in the age range 35-50 years should possess the relevant professional qualifications and be able to demonstrate experience in:

- Attending main and subsidiary company Boards to ensure maximum use of financial resources.
- Advising senior colleagues through the Accounting function to manage profitability in substantial Club and service businesses.
- Advise on cost, income, cash and profit accounting procedures and records to provide realistic management control data and reports.
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Applications in confidence to: N. Mills Baldwin, O.B.E.
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FINANCIAL MANAGER

(Financial Director Designate)

We require a qualified Accountant, aged 28-38, for the financial planning and management of expansion. We are a non-resident corporation with a well established name and successful fast food operation in London.

Salary £14,000 plus bonus scheme agreed on appointment.

Excellent opportunity for an accountant with commercial experience in corporate planning, to join a developing company.

Sufficient information should be sent to:—

Mrs. Turner, 150 Old Park Lane, London, W.1.

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are seeking an

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To work with the Partner responsible for Research into the Construction Industry (David Taylor), in extending Kemp-Gee's coverage of the sector and related areas. Besides Materials companies, he/she would also be involved in researching Contractors, Housebuilders and Plant Hire companies. Obviously some experience of the sector would be preferable, but is not essential so long as the candidate has a basic grounding in analysis. The position is an interesting one, and the career prospects are good. The remuneration, including profit-sharing, will be fully competitive.

Please write, in confidence, to The Partner in charge of Research, Kemp-Gee & Co., 20, Copthall Avenue, London EC2R 7JS.

INTERNATIONAL BANKER

For its London office, U.S. Investment Bank seeking adaptable individual with economics background and general experience of international investment banking. Ideal age 25-30. Activities will cover full spectrum of international financing activities Willingness to travel extensively essential. Linguistic ability, preferably French, highly desirable.

Salary will not be limiting factor. Please write enclosing curriculum vitae to Box A.6535, Financial Times, 10 Cannon Street, EC4P 4BY.

COMPANY ACCOUNTANT

c. London
c. £8,000 + Car

Our client, the UK subsidiary of a U.S. corporation, active in the chemical, automotive and petroleum industries, offers an important new opportunity to a qualified accountant who wants substantial general management involvement in addition to controlling and influencing the financial affairs of the business. Reporting to the Managing Director, you must have good management accounting experience gained perhaps in a U.S. company environment. Excellent prospects in a viable and expanding company.
(Ref 0384108)

FINANCIAL CONTROLLER

Greater London
c. £12,000 + Car

Due to internal promotion, our client, a large diversified British multinational group, wishes to appoint a qualified chartered accountant to head up one of its most important and profitable divisions. Awareness of the financial control problems associated with multi-unit operations is desirable. Outstanding prospects for a career minded professional. (Ref 0385102I)

In the first instance, telephone or write to Alexander Moore quoting the appropriate reference. For an application form and detailed job specification.

Drake Accounting
Recruitment Consultants
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London EC4N AU.
01-248 3233

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MONEY MANAGEMENT APPONTMENTS.
30. Queen Street, EC4.
Telephone 236 0731

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Write, giving age, educational and any previous employment details in confidence to Box A.6534, Financial Times, 10, Cannon Street, London EC4P 4BY, or phone 01-628 5788 for an appointment

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Texas Instruments, one of the world's leading multi-national organisations, have the following career opportunities:

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BRUSSELS

to be responsible for controlling the financial accounting and financial planning function, with a staff of approximately eight.

Candidates, preferably aged 26 to 30, must be professional accountants with at least 2-3 years' relevant experience. Fluent French is essential.

Financial Controller Designate
SINGAPORE

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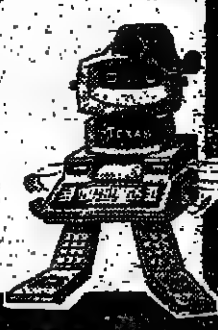
Candidates, Singapore citizen or resident, probably aged around 35, must have at least 5 years' experience in a high level financial position in a large industrial or manufacturing organisation. A pleasant outgoing personality, the ability to command respect at all levels, initiative and sound judgement are essential personal qualities.



For both posts, we offer an attractive salary and benefits package including re-location assistance, where appropriate.

Please write with full details, indicating the post in which you are interested, to P. Fitzgerald, Texas Instruments Ltd., Manton Lane, Bedford.

TEXAS INSTRUMENTS LIMITED

Financial Director

Stafford c.£9,000+profit share+car

A well established company which specialises in the import and marketing of timber wishes to recruit a Financial Director. The company has a good growth record and the potential for further development.

Reporting to the Managing Director, the Financial Director will have responsibility for the complete accounting, treasury, secretarial and administrative functions.

The successful candidate, who will be a qualified accountant between 35 and 40 years of age, must be able to demonstrate:–

- ☐ Experience in a similar capacity within a fast growing organisation and the ability to make a significant contribution in a growth situation.
- ☐ A strong commercial bias and general management potential.
- ☐ Experience of developing computer based control systems.

Initial salary for this career appointment will be around £9,000 p.a. and a company car will be provided. Other benefits will include attractive profit sharing and pension schemes and assistance with relocation expenses, if required.

Applications from candidates of either sex, giving brief personal details and career history and quoting reference FT/258/F should be submitted in confidence to:-

TYLB
Turquand, Youngs & Layton-Bennett,
Management Consultants,
11 Doughty Street, London WC1N 2PL.

Marketing Director

South £10,000

Our client is a major non-ferrous foundry who have a sales turnover in excess of £5m of high quality castings supplied to engineering, aerospace and other technical industries. This Board appointment will have a major responsibility to develop vigorously the sales and marketing activities to the UK and overseas markets.

For this key appointment it is essential to have a proven record of successful sales and marketing management, preferably in a non-ferrous foundry company and with the ability to negotiate major contracts in the UK and export markets.

Initial salary is negotiable around £10,000 plus car.

Please apply, in confidence, for application form to: D. G. de Belder, Knight Wegenstein Ltd., 75 Mosley Street, Manchester M2 3HR, or telephone 061-236 0987, quoting Ref. 68186.

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Foundry Appointments – International

Group Financial Controller

North-west **c. £15,000**

A challenging opportunity to join the expansion-minded management of a public group of manufacturing companies in the top financial position.

The person appointed will be responsible to the group managing director and contribute to the overall management of the group, especially in achieving greater group integration and sophistication on the management information and control side, exercise a treasury role and deal with acquisition work.

Suitable candidates of either sex, CA, CCA or CMA, probably in their early 40's, will therefore have experience at a senior level in the finance function of more than one large developing group, preferably in manufacturing. Computerisation and control of European subsidiaries experience is also highly desirable.

For an application form, write in confidence showing how you meet the specification and quoting reference 1023/L, to E. M. Neil,

Peat Marwick Mitchell & Co.,
Management Consultants,
Executive Selection Division,
165 Queen Victoria Street,
Blackfriars, London, EC4V 3PD.

LABOUR NEWS

Leyland components men urged to end stoppage

BY ALAN PIKE AND ARTHUR SMITH

PRESSURE is mounting on the 3,500 strikers at a BL Cars components factory to reconsider their action which has already halted Austin-Morris car assembly and made 17,00 workers idle.

The Birmingham East district committee of the Amalgamated Union of Engineering Workers has instructed members at the Drews Lane plant to get back to work and use normal negotiating procedure. The union's failure to give backing to the dispute will increase the unrest of members who feel the decision to walk out last Friday was too hasty.

Workers at the plant will receive letters from management today stating that parity payments in addition to the basic 5 per cent offer will immediately workers from £76.50 to £85 and for production men from £71.96 to £83.75.

Mr. Harold Musgrove, manufacturing director for Austin-Morris, said the letter would not only spell ou the full benefits of the company's offer but also make clear that the strike would gain no concessions. have increased to between 25,000 and 30,000. The position would only Jaguar in the cars group likely to escape the effects of the stoppage.

Mr. Bill McLean, a BS Cars executive, warned that a pro longed stoppage could cost the company a 2 per cent loss in its market share and a consequent cut in employment of up to 10,000.

Ford deadlock

Mr. Paul Roots, Ford's director of employee relations, yesterday sent letters to the company's 57,000 employees whose strike is in its seventh week saying that the problems of "daily losses of vehicles and components due to disputes and absenteeism" must be overcome.

Had union negotiators been prepared to discuss the company's proposal for an attendance payments scheme, said Mr. Roots, it would probably have been possible to agree more acceptable rules concerning lateness and absenteeism. But the unions were not prepared to talk about the company's problems or any sensible productivity deal until all available money was put on the basic rate. Ford was not prepared to do this.

The 1,200 members of the Electrical and Plumbing Trades Union at Ford have been told that they will receive strike pay from their union only from October 21, when the present agreement with the company expired.

Members of the EPTU executive have decided that pay benefit from the start of the strike would create precedents which could not be sustained in the light of union policy. The EPTU executive also took the view that Ford's offer of 8 per cent increases with the promise of more for improved efficiency, which the company made last month after agreeing to negotiate under conditions of free collective bargaining, could have formed the basis of a return to work while negotiations continued.

Fishmeal stocks fall forecast

HAMBURG, Nov. 8.

THE GENERAL secretary of the Fishmeal Exporters Association (FEO), Jaques Schwarz forecasts that FEO countries will enter 1979 with stocks of 320,000 tonnes, falling to 300,000 tonnes a year later.

He told a meeting of the International Association of Fishmeal Manufacturers (IAFMM) in New Orleans that production next year should total around 1.9m tonnes, giving a total supply of 2.22m tonnes, market sources said.

Mr. Schwarz estimated the consumption of FEO countries next year at 320,000 tonnes with exports making up a further 1.8m.

Vauxhall offer accepted

BY PHILIP BASSETT, LABOUR STAFF

ENGINEERING UNION workers at Vauxhall's Dunstable plant yesterday accepted the company's 8.5 per cent pay offer by a secret ballot. Union negotiators for skilled workers at all Vauxhall plants are expected to recommend acceptance today.

The results announced yesterday of the ballot of the 2,300 members of the Amalgamated Union of Engineering Workers at the Dunstable truck plant were 57.8 per cent in favour of acceptance, with 42.2 per cent against.

The vote against acceptance, taken in the main before the AUEW decided to urge its members in the company to accept the offer, is surprisingly large for a factory not traditionally the most militant of the company's plants. Details of the ballot of the 2,200 members of the Transport and General Workers Union at the plant are not yet known.

The attitude of the more traditionally militant Ellesmere Port workforce will be demonstrated at mass meetings of the 3,000 TGWU members tomorrow and 5,000 AUEW members on Sunday.

Picket hurt as bread strike is stepped up

BAKERY workers on strike in South Wales will begin picketing flour mills at Cardiff and Barry Dock from this morning.

The decision to step up the action came after a striker was injured when a bread van tried to cross a picket line at the Sunblest Bakery in Cardiff.

In Exeter, Bakers, Food and Allied Union strikers picketed a Ranks Hovis McDougall factory where unio nmembers have defied the national strike call. Work also continued at the company's Barnstaple factory, but a third bakery at Newton Abbot, which had defied the strike, joined in yesterday.

Production is continuing at some Federation of Bakers plants around the country, with management staff and non-union labour producing bread. Between 30 and 50 per cent of normal output is being maintained, it was estimated.

There is no indication yet that talks on the dispute are likely this week. The union has rejected a 5 per cent pay offer and a productivity scheme worth another 8 per cent in response to a 26 per cent claim.

Mr. Sam Maddox, general secretary, yesterday repeated forecasts that the strike could continue until Christmas.

Complaints about overcharging by bakers because of the bread shortage began reaching the Department of Prices and Consumer Protection yesterday. The National Association of Master Bakers, which is not involved in the dispute, has told the Government its members will hold prices at pre-strike levels.

More than 250 bakery workers returned to work yesterday in defiance of their union's strike call. They are employed at the Sunblest bakery in Northampton, which bakes 50,000 loaves a day.

Journalists end Mail meeting

PRODUCTION OF the Daily Mail was back to normal last night after journalists ended a mandatory union meeting with an agreement to meet management today over a bonus dispute.

Engineering training places go begging

BY NICK GARNETT, LABOUR STAFF

RESISTANCE BY engineering industry unions and employers to accepting trainees from skill centres run by the Manpower Services Commission has caused about a fifth of engineering places at these centres to remain vacant.

The commission said yesterday that 1,900 skill centre engineering places were vacant out of a total of 9,000-10,000.

Part of the problem lay in the nature of the industry itself, which did not provide the security that it used to.

In certain areas, though, particularly the North of England, there was frequent opposition to skill centre trainees, who receive a much shorter period of training than that normally recognised by the industry.

Announcing new proposals yesterday for the Training Opportunities Scheme (TOPS), which covers skill centres and falls under the manpower commission's overall umbrella, Mr. Richard O'Brien, commission chairman, said that the programme was nevertheless a success story.

Last year 77,000 trainees over the age of 19 completed courses as well as 17,000 under that age. About three-quarters obtained jobs after training, although only 50 per cent went into jobs requiring skills they had learnt in the centres.

The review of TOPS was carried out by officials of the commission and the Department of Employment. The proposals have been given broad Government approval.

The review envisages a rise in the cost of the programme from £200m to £253m, at constant prices, by 1982-83. Higher-level training might expand by a half over the period and semi-skilled training by about 30 per cent.

Considerable changes in the approch of TOPS are proposed. These have been designed to make the scheme more closely related to the needs of employers as well as individuals.

A disturbing element in the report is the lack of awareness among employers of the work of TOPS. A sample of 752 companies showed that more than half had not heard of the scheme.

Canal staff asked to vote on action

BY PAULINE CLARK, LABOUR STAFF

SUPERVISORY STAFF throughout Britain's inland waterways system are being balloted on industrial action in support of a demand to be made a special case under the Government's 5 per cent policy.

The demand for special treatment is the fourth to be submitted to the Government under its White Paper — Winning the Battle Against Inflation — which set this year's pay guidelines.

Like the private sector plumbers, pipefitters in the heating and ventilating industry and BBC staff, the waterways supervisors are asking for a pay rise well above the 5 per cent limit to restore them to the position they hold in wage scales for the water industries before Phase One of the pay policy was introduced. They claim to have been caught by the pay policy cut-off date in July, 1975 by eight days.

Only the plumbers have been told that they qualify for special treatment. The other claims are still being considered.

Union leaders have outlined plans for taking sanctions which could seriously disrupt the operations of the British Waterways Board at a time when a backlog of maintenance and improvement work is causing mounting concern.

They are threatening to ban supervision of the water control system which helps to prevent flooding at times of exceptional rainfall. For safety reasons, water in canals would have to be kept at a far lower level than usual, and freight traffic could suffer.

Meanwhile, with their pay settlement date eight weeks overdue, work has already been banned on the recently approved Sheffield and South Yorkshire Navigation improvement scheme.

The National and Local Government Officers' Association claims that the 600 staff involved have the support of the British Waterways Board in complaining that their pay rates are seriously out of line with manual workers, some of whom earn more than the supervisors.

In addition, the union says that waterways staff wages have fallen behind those of comparable workers in the water services industry. The gap between the waterways supervisors compared with staff in the water services and local government staff, it claims, is now about 20 per cent, excluding lower overtime rates and shorter holidays.

Team seeks alternative to Kilmarnock closure

A TEAM of union officials and university lecturers began work yesterday to find a viable alternative to Massey-Ferguson's proposals to transfer combine harvester production from its Kilmarnock factory in Scotland to France, with the loss of 1,000 jobs.

The team, led by the Scottish TUC's research department, is expected to take about three weeks to produce its initial conclusions, provided it has adequate access to company documents on the decision to concentrate European harvester production at Marquette, north-eastern France.

Massey-Ferguson has said it will consider alternative proposals, but did not commit itself to implementing them.

Stewards representing the company's other 8,500 UK employees, will meet senior Kilmarnock stewards in Coventry today to discuss a possible company-wide campaign against ending harvester production in the UK.

Mr. Edward Neil, deputy stewards' convenor at Kilmarnock, said yesterday they would be seeking support from the other plants, as they did not believe the company wanted to keep the Scottish factory open.

Mr. Bruce Millan, the Scottish Secretary, has expressed deep concerned at the decision, and talks are being held with the company on possible Government aid to preserve as many jobs as possible.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1975=100); engineering orders (1970=100); retail sales volume, retail sales value (1971=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unemployed	Vacs.
1977							
2nd qtr.	105.5	102.4	106	102.5	222.0	1,330	163
3rd qtr.	106.3	103.2	106	104.3	234.2	1,413	151
4th qtr.	105.8	102.0	107	104.4	239.4	1,431	157
1978							
1st qtr.	107.0	102.3	110	108.3	248.0	1,409	188
2nd qtr.	110.5	104.2	106	108.0	254.2	1,367	213
May	109.6	102.9	115	108.4	255.2	1,366	210
June	111.0	105.0	100	108.7	257.3	1,365	217
July	110.2	104.1	107	111.4	265.8	1,371	211
August	110.7	105.0		111.8	270.3	1,392	209
Sept.				109.5	268.6	1,378	219
Oct.						1,360	228

OUTPUT—By market sector: consumer goods investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1975=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1977							
2nd qtr.	104.1	97.7	115.9	98.9	102.4	100.8	25.1
3rd qtr.	104.2	98.7	116.5	99.8	107.7	101.2	25.4
4th qtr.	104.6	97.5	114.3	98.6	98.2	100.1	20.7
1978							
1st qtr.	105.0	99.9	116.2	100.9	95.4	97.0	17.8
2nd qtr.	106.5	99.6	121.7	101.1	108.3	98.4	26.7
May	105.0	100.0	120.0	101.0	106.0	96.0	25.1
June	107.0	100.0	123.0	101.0	112.0	97.0	20.7
July	104.0	101.0	123.0	101.0	113.0	100.0	23.6
August	108.0	101.0	122.0	103.0	96.0	101.0	20.3
Sept.							24.5

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance; oil balance; terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1977							
2nd qtr.	118.0	109.6	−762	−297	−745	100.2	14.9
3rd qtr.	124.4	106.6	+ 31	+574	−602	101.0	13.4
4th qtr.	117.6	102.7	− 5	+507	−657	102.4	20.39
1978							
1st qtr.	119.9	114.1	−612	−317	−646	104.9	20.63
2nd qtr.	122.2	109.6	−135	+198	−420	104.5	16.75
June	121.6	111.3	−100	+ 11	−116	104.2	16.54
July	127.0	115.8	−132	− 57	−229	104.5	16.74
August	124.9	111.4	+ 57	+132	−104	105.7	16.4
Sept.	126.7	120.9	−194	−119	−176	105.6	16.51
Oct.							15.97

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m	BS inflow	HP lending	MLR %
1977							
2nd qtr.	24.8	14.9	5.5	+769	1,290	1,047	8
3rd qtr.	28.0	10.4	20.3	+365	1,884	1,149	7
4th qtr.	23.2	12.6	8.7	+698	1,565	1,189	7
1978							
1st qtr.	24.3	23.8	17.5	+1,791	1,049	1,260	6½
2nd qtr.	8.5	15.7	24.6	+2,853	694	1,393	10
June	8.5	15.7	24.6	+310	147	459	10
July	9.3	9.5	35.0	+110	200	458	10
August	5.7	-1.6	15.8	−294	200	493	10
Sept.	16.8	5.3	8.5	+704	346	476	10
Oct.							10

INFLATION—Indices of earnings (Jan. 1976=100); basic materials and fuels, wholesale prices of manufactured products (1975=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (Dec. 1971=100).

	Earnings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1977							
2nd qtr.	114.5	149.5	138.3	181.9	191.1	249.7	61.6
3rd qtr.	115.1	146.4	142.9	184.7	192.1	239.9	61.8
4th qtr.	119.9	142.2	145.8	187.4	193.3	234.2	63.3
1978							
1st qtr.	123.1	140.2	149.2	190.8	197.3	238.61	64.6
2nd qtr.	129.9	146.3	152.0	195.8	203.8	242.27	61.5
June	133.1	147.0	152.7	197.2	206.7	242.27	61.3
July	133.6	145.8	153.8	198.1	206.1	237.88	62.1
August	131.6	144.2	154.8	199.4	206.2	248.54	62.4
Sept.		144.8	155.6	200.2	206.3	253.74	62.7
Oct.		145.7	156.4			265.22	63.1

* Not seasonally adjusted.

مكتبة الأهل

The Marketing Scene

Bright start for Star

BY MICHAEL THOMPSON-NOEL

THE DAILY STAR, Britain's first new national daily for 75 years, seems to be attracting the favourable attention of the country's biggest advertisers. John Finneran, Express Newspapers' advertising director both for the Star and Daily Express, says the Star this month will carry 150 full-page ads, plus many smaller ones, and that the Star already has £1.5m worth of advertising revenue tied up contractually, most of it with major spenders like Boots, Currys and Dixons. The paper was launched a week ago today.

"The reception from everyone, agencies and advertisers, has been excellent, particularly in view of the very tight scheduling with which the Star was launched," he said yesterday. "We seem to be scoring on three key fronts. First we set out to make our rates particularly competitive with the Sun and Mirror in order to put pressure on agencies and clients so that they could not ignore us. Second, we've hammered home the benefits of the new product with £700,000 worth of TV advertising in three-and-a-half weeks, plus another £60,000 on radio. Third, we've set out to sign up the really big advertisers, and they're certainly responding."

One of the first things Express Newspapers did was draw up a stalking list of the 120 biggest Sun/Mirror advertisers. Then it wooed them with blitz persuasion.

The list is headed by Boots, which according to Express Newspapers, spent £827,100 with the Mirror alone in the 12 months to July 78, and a further £683,500 with the Sun. Boots was followed by Currys, the Co-op and Tesco (all of which spent more than £1.2m in Sun/Mirror advertising over that period), MFI, Dixons, Woolworth, C and A and Cavendish Woodhouse.

Luckily, the new paper was launched into what is proving an all-time record autumn for advertising expenditure, though it is not quite sure when it will extend distribution out of its launch pad market in the ATV, Granada and Trident TV areas. It should be circulating in Scotland by the start of next year, and in the rest of the country by next April or May.

The plan is to hold the cover price at 6p for as long as possible.

Editorially it is an unabashed imitation of the Sun. Yesterday's centre pages ran a photo story about a wet-suited milkman who delivers pintas to St. Mary's Lighthouse, Whitley Bay. Pages 14 and 15 were given to Day Three of Roddy's Own Story ("One always feels a little lethargic in the West Indies . . ."), and the Page 7 Starbird was beautiful Becky from Chelmsford, a proper little smasher.

The Star's initial sales target is 1.25m copies for a hoped-for readership of 4m adults, or 3.2 readers per copy, the same as the Sun. When it picks up steam, advertising will account for 36 per cent. of content in a maximum 32-page Star. The standard Star rate is £12.50 per column centimetre or £3,000 per page. The expected readership profile is almost identical with the Sun's, though fractionally younger.

From an advertiser's point of view the key statistic is cost per 1,000 readers—at a hoped for 31p per 1,000 adults the Star is positioned bang in between the Sun at 30p per 1,000 (NRS, January-June 1978) and the Mirror at 32p.

In presentations to agencies and clients, Express Newspapers has made great play with its claim that the Star will represent the best cost buy going while at the same time smashing the Sun-Mirror mass market monopoly in the North and Midlands. (It goes without saying that all readership and cost claims sink or swim on the Star's ability to win then hold the sales target of 1.25m copies daily.)

The Star sales team is also hammering home the claim that the new daily represents a better buy than the 21 leading regional dailies in the midlands and north, whose combined circulation is 3,011,295. A full-page ad in each of the 21 would cost a combined £28,472, says Express Newspapers.

The group says it is "immensely pleased" with the first week's sales, though it is far too early to know whether the initial circulation target of 1.25m is realistic. At present the Star is printing 1.3m copies nightly.

These are early days to start forecasting the Star's long-term chances. But it has made an appropriately cheeky start.

Record year for coupons

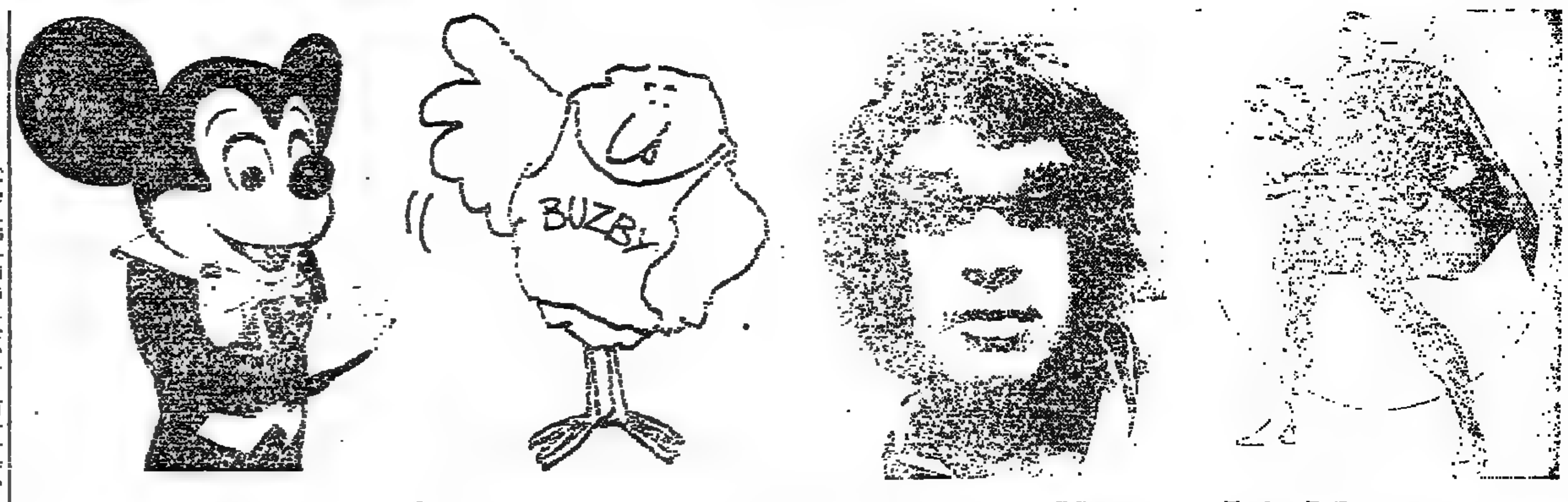
THE CURRENT year is proving a near-record one for advertising expenditure. It is also expected to be a record year for coupon promotions, according to a recent study by Nielsen, which runs the UK's largest coupon clearing house.

In 1976, coupon redemptions reached an all time high of 242m before falling to 192m in 1977. By contrast, 1978 has seen a big increase in coupon usage with redemption levels during the 12 months to June almost reaching their 1976 peak.

Coupled with the growth in redemption has been a 23 per cent increase in the face value of coupons. During the year to June, 237m coupons saved customers £14m at an average face value of 5.9p each. Brook Bond Oxo, General Foods and Van den Berghs continue to dominate the field.

● CAMPAIGNS AND ACCOUNTS: Hedges and Butler is spending £750,000 via JWT on Emva Cream during 1978-79. The brand claims over 40 per cent of the UK Cyprus sherry market . . . Swish, brand leader in the £13m curtain track market, has switched its £500,000 account from Cogent-Elliot to Benton and Bowles . . . Lansdowne Marketing has lost Makro Self Service Wholesales to Royds Manchester. Total marketing budget for next year is £1m-plus of which Royds will handle £250,000 . . . Hornby Hobbies is spending £300,000 on national TV on behalf of its Scalextric brand. The agency is MWK . . . Brooke Bond is beginning a £850,000 campaign for Brazilian Blend as part of a nine-month, £1m spree.

● ERSEL KILLEN, formerly a director of Levington International, part of JWT, has left to form her own PR consultancy, EBS Marketing and Communications. Her co-partners are Cecile Barnett, Candy Martin and Pamela Willson.



Buzby, Micky Mouse, Wonder Woman, the famous Hulk . . . Iain Murray reports on the growth industry of character merchandising

A Superman for every salesforce

AT FIRST it seems unlikely that a company looking for a salesman would recruit the Incredible Hulk. A nice enough chap, to be sure, but perhaps a bit pushy.

The cautious would no doubt raise objections, albeit of a different kind, to Wonder Woman, Yogi Bear and Snoopy. But they, along with many other bizarre, comic, even horrific creatures, are increasingly being pressed into service to promote everything from petrol and milk to bath salts and the Post Office.

Character merchandising, to give the technique its full name, is a growth industry and has just held its first-ever conference in London. Joe Grant, the principal speaker and president of the Licensing Corporation of America, whose clients include Superman, hit the right note, emotionally if not syntactically, when he told delegates: "I like to think that this business has emerged from a somewhat tawdry past to a level today, if not of prime importance to the marketing world, at least a respectable enough aura has been created to anoint it as a business of some marginal benefit that can be, and is, run efficiently by professionals."

The theory behind character merchandising is simple enough. You link your product in some way to a popular or loveable character and at least part of that goodwill is magically transmuted into increased sales.

There is ample evidence that the trick can work. Mickey Mouse is 50 years old this month, and hundreds of manufacturers and retailers all over the world will attest to the selling power of Walt Disney's most endearing, most enduring, character.

A success story of a rather different kind is told by the Post Office telecommunications business, which was suffering from a severe attack of public odium in 1975 but now claims to be basking in widespread warmth and affection generated by its cartoon bird, Buzby. Although Buzby was not hatched as a merchandising property, his popularity rubs off on £1m of goods a year, including golf balls and ties as well as children's toys. The character merchandising business is fond of citing Buzby as welcome proof that the technique can work as well with adults as with children.

Even so, sweets and toys remain the products most often linked to characters. Glen Smith, a child psychologist and managing director of the Children's Research Unit, says that character merchandising works by bringing the product to the level of the child and giving him or her the opportunity to get closer to the character.

The relationship between the product and the character can work to the commercial advantage of both. For example, the Walt Disney Corporation skilfully steps up the licenses it grants to manufacturers to coincide with the release—more often the re-release—of its feature films. The products advertise the film, the film advertises the product.

In turn, the constant and careful recycling of Disney's cartoon classics prompts what the trade describes as "auntie purchases," gifts bought for children by nostalgic adults who enjoyed the very same films in their youth.

Today television has taken over as the most potent medium for popularising characters, and one of the conference speakers, Terry Fitzmaurice, a director of Startel Productions, came up with some startling statistics.

"Sooty, who is one of our characters, is part of the Hanna-Barbera stable, and he appears on BBC, I suppose, about six months in every year. The show appears around 5 pm on the BBC network.

"We reckoned that with the cost of a minute of advertising time on ITV at around 5 pm, and it comes out at about £11,500 per minute. Multiply that by 25 minutes, the length of the show, and you have a commercial value of £271,400. Multiply that by 26, the number of shows in a series, and you have the staggering total of £7,056,400.

"Patently that's not valid as a straight comparison with TV commercials but, fanciful though it may seem, it has some validity. Also there is the indefinable reputation and integrity of the station, particularly the BBC, and the character carries some of that with it."

Clearly, character merchandising has a lot to be said for it; but, like so many other paths to marketing success, it is strewn with pitfalls and the occasional landmine.

More than once the bonhomie of conference delegates was disturbed by reminders of past casualties. The biggest risk of all is that a character's popularity may evaporate as quickly as it materialised, leaving no trace save a warehouse of unsold goods. A shudder went through the hall at the memory of the Jaws bandwagon. The Wombles, too, who helped sell £40m of goods in two years, now look something of a spent force.

And it is not always the public that is fickle or hard to please. Shaun McDowell of Palitoy recalled the time he was left with large stocks of products linked to the TV Bonanza series because the toy retail trade was unenthusiastic. Later, when the clearance houses disposed of the lines, it transpired that the public liked them.

Glen Smith of the Children's Research Unit not surprisingly recommended research, both to establish whether a character still held appeal for inconstant youth and whether it would work for the product in question.

The problem of relevance was repeatedly raised. Mr. Smith said that he had seen Star Wars bathsalts on sale and was still trying to work out the connection between interstellar conflict and a good wash.

Peter Bostock, head of the creative department at J. Walter Thompson, said: "It would be invidious to name names. But I would challenge a number of advertisers using characters today to justify their relevance.

"It is all too easy to clutch at a character and let it take over. If that is all there is, it will soon drown the advertising message. The solution has to stem from the problem itself. That way a character could be relevant and might also lead to a campaign theme that is successful for years."

There was common agreement that the licensing agencies should do everything in their power—perhaps more than they do now—to safeguard the integrity of characters. Shoddy reproduction or poor goods may easily foul the pitch for everyone. After all, licences are not cheap. They cost anything from 2 per cent to 11 per cent of the wholesale turnover of the product, and owners normally demand an advance against royalties that may be as much as £15,000.

However, amid all the talk of shifting fashion and changing tastes, one note of certainty was sounded, again by Joe Grant, of LCA. Superman, the movie, is on its way, he said, and it may well prove the text book example of motion picture merchandising. "We feel in short that the movie has an excellent shot at being quite successful and the merchandising can't miss. Superman transcends borders and nationalities. Superman epitomises the victory of good over evil and every man's fantasy of the ultimate hero."

Sounds a nice chap, if a bit pushy.

Child ad scrutiny

BY PAMELA JUDGE

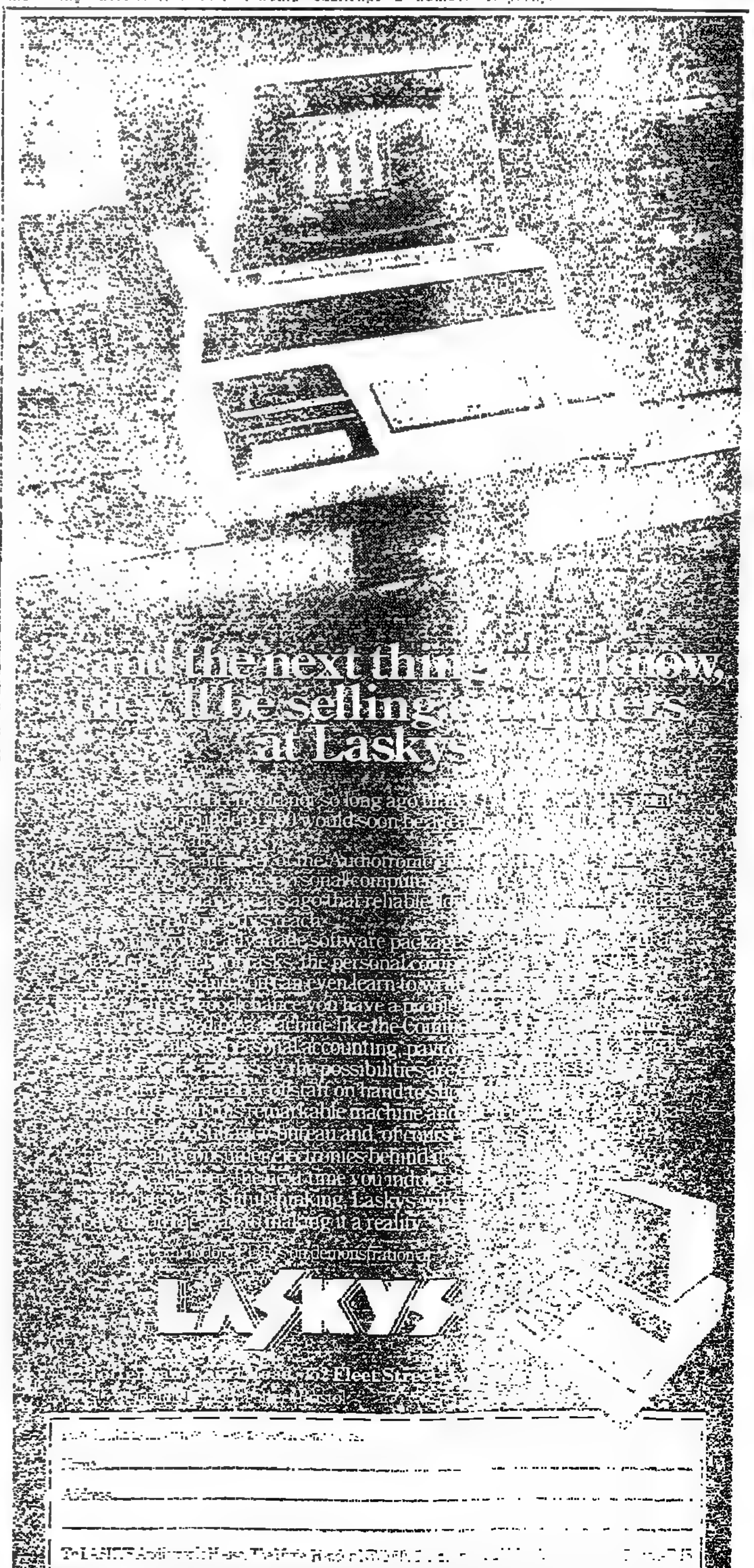
THE Advertising Standards Authority has formed a separate monitoring section. One of the first areas it will investigate is advertising to children and the use of children in advertisements.

"People rightly feel that children need special treatment and the code of advertising practice has rules which ensure that children's lack of experience and natural trust are not exploited. Our impression is that these rules are seldom flouted — but we accept the need to back that impression with solid fact, which is what monitoring will provide." Another area to be looked at is alcohol advertising, with special attention to Scotland.

The move follows new rules and guidelines set out by the Independent Broadcasting Authority early last month and two speeches by Roy Hattersley, Prices Minister, on the same subjects. But it also reflects the rising number of complaints coming into the ASA from the public — jollied along by the authority itself which invites people to write in.

As the ASA points out previously its staff had to be detectives on behalf of the public but they also had to monitor ads and initiate action when necessary. Complaints in April to December last year numbered 2,544. So far this year the number has reached 3,474 with the result that monitoring had been taking second place to reacting to complaints.

"The new monitoring cases officers clearly cannot review every advertisement. Indeed, it would be a waste of effort even to try." Something of the order of 4.5m print ads are published each week. What is planned is that the monitors will select a sensible number of individual categories and give them close scrutiny. The categories will be rotated from time to time.



LOMBARD

Opening up the Government

BY PETER RIDDELL

THE present Government has a generally poor record on opening up Whitehall to outside scrutiny. So the pledges in the Queen's Speech about achieving more open government and making information on public policy more readily available sounded distinctly hollow. Leaving aside the inadequate proposals on reforming the Official Secrets Act, the insincerity of the Government's commitment was highlighted within two days of the speech in perhaps the most crucial area of all, the wider discussion of policy options before decisions are made.

The illustration was provided by what we must now, I suppose, call l'affaire Sedgemore. This has resulted from the disclosure by him at a public session of the Commons Expenditure Committee of part of the contents of a confidential Treasury working paper submitted to the special Cabinet committee on the European monetary proposals. The real point about this row is not the ethics of whether a parliamentary private secretary should disclose the contents of a Cabinet paper but why the Expenditure Committee inquiring into the monetary scheme was not provided with the contents of the working paper in the first place.

Deluge

This desire to withhold information is typical of the Prime Minister's general style and his particular attitude towards discussion of the monetary proposals. Public debate on the issue only started about six weeks ago, and there is now almost a deluge of comment from economists and politicians. This has been stimulated in part by the Expenditure Committee's inquiry; when else, for example, have the chairmen of three of the big four clearers discussed such an important question in public?

The Government's own contribution to the debate has so far been negligible almost to the point of being insulting. Mr. Healey can fairly claim to be one of the most open Chancellors in revealing his thinking, but his openness was limited to a noncommital statement of the current position in the talks during his questioning by the Expenditure Committe last Friday. Similarly, there was only a bland history of the negotiations provided in the Treasury's written memorandum to the Committee.

Both the Treasury and the Bank of England have, to be fair, become less secretive in the last couple of years and Mr. Healey's attendance at the hearing to discuss a major policy question before the Cabinet decision is a welcome innovation. But it does not of itself constitute open government: the Treasury has still failed to publish the background evidence and analysis on the alternative options facing ministers.

Confidential

This is separate from the question of whether internal memoranda from civil servants to ministers should be published. Such documents clearly need to be confidential, otherwise frank advice will not be given, as Mr. William Rodgers noted earlier this month when refusing to publish internal memoranda from his advisers on the heavy lorries issue. A necessary confidentiality here does not mean that the working papers on which the Cabinet bases its decisions should not be published.

Indeed in the case of the Treasury working paper quoted by Mr. Sedgemore the point is clearly absurd. All the paper does is to set out the implications for the economy of varying exchange rate assumptions, depending on whether the UK is in or out of the monetary scheme. The Treasury has clearly been embarrassed by the revelation of these projections which mainly point to the likelihood of lower output and employment. Mr. Healey tried to distance himself from the paper at the committee hearing by pointing out that the outcome could be very different if, as some economists believe, the time lags are different.

Not the point

This is not really the point. The actual projections can be regarded as highly questionable—almost worthless numbers—rather than some version of revealed truth. But the alternative paths outlined in the working paper do at least show one strand of Treasury analysis which is appearing in advice to the Cabinet. Consequently if there is to be a full public discussion on whether the UK should join the scheme or not the detailed implications should be outlined by the Government, preferably before the full Commons debate next Wednesday.

The drawbacks to collective wisdom

BUSINESS AND THE COURTS

BY A. H. HERMANN, Legal Correspondent

THE judgment of the European Court left the iso-glucose manufacturers and the European Commission with the impression that they had both won—or so they say in public. A decision which leaves both parties happy may appear to be the judgment of Solomon but more often it is a muddled solution which everyone can read as he pleases.

However, the judgment of October 25, 1978 does not fall in either of these categories. It is a collective product of the entire bench and the required majority can often be obtained only at the cost of a compromise. In this particular case the compromise took the form of giving with one hand what was then taken away with the other—a most deplorable state of affairs.

The issues at stake were reported in detail in the Financial Times on June 28, 1978. In 1976, the U.S. enzyme process—which makes it possible to produce liquid sugar more cheaply from starch than by the conventional sugar beet process—was introduced in the Common Market. The iso-glucose producers invested heavily in new plant but their investments were soon made worthless by two measures adopted by the European Council. Regulation 1862/76 deprived the iso-glucose producers of the refund which the EEC had paid since 1962 to all processors of starch to make up for its artificially high price. And regulation No. 1111/77 imposed on iso-glucose a levy earmarked for subsidising exports of sugar produced in excess of the quotas eligible for the EEC support price.

The European Court completely avoided the fundamental issue, which was whether EEC regulations can flaunt the Treaty's aim of greater efficiency, from which agricultural production should not be excluded.

Dealing with the first regulation which deprived the isoglucose producers of the refund available to other processors of starch, the Court rejected their complaint and declared the regulation to be valid. The Court's reasoning was that the withdrawal of the refund was not discriminatory because isoglucose was not in competition with other products made of starch. This reasoning appears to side-step the purpose of the refund. In regulation 2742/75 the refund was justified by the need to enable products made of starch to compete with substitute non-starch products. The refund was designed to compensate starch processors for the artificial increase in the cost of starch resulting from other EEC measures. It is not difficult to see that the refund was not introduced to equalise competition between products made of starch as the Court's reasoning would suggest, but between those made of starch and those made of other raw materials. Its withdrawal therefore did discriminate and the reason for the discrimination, though not stated, was that the competing non-starch product was beet sugar.

The European Court could not shut its eyes to the blatant discrimination in favour of beet sugar when dealing with the second measure of which the isoglucose producers complained. Regulation 1111/77, subjecting iso-glucose to a special levy, was drafted with embarrassing frankness. Its preamble states that isoglucose is a substitute product in direct competition with liquid sugar. It asserts that it has an economic advantage over sugar which is subject to "stringent production constraints." It goes on to speak of the surplus production of sugar which makes one doubt whether the aforementioned production constraints are all that stringent. Nevertheless the EEC argument hops merrily forward on one leg, concluding that there should therefore be a production levy imposed in isoglucose to subsidise exports of surplus sugar to third countries.

This was obviously more than the European Court could take and accordingly it ruled that Regulation 1111/77 is not valid in as far as it subjects isoglucose to a levy designed to subsidise export of sugar surpluses. However, isoglucose producers should not count their chickens before they are hatched. Instead they should read the postscript which the European Court found necessary to add after declaring Regulation 1111/76 void in respect of the levy. It said that this decision should not restrict the possibility of the Council taking all useful measures, compatible with EEC law, to assure the proper functioning of the sweeteners market.

There is no need for courts of law to tell the parties that they are free to use their power's lawfully. When the European Court goes out of its way to do so, it is bound to encourage the Council to try to achieve by other "legal means." the same ends it followed by the illegal levy.

DRIVING LICENSES are the next item which will turn the European Court's attention to discrimination. It has been asked, in case 16/78, by a German criminal court whether it is compatible with the EEC Treaty for holders of foreign driving licenses who are resident in Germany for more than a year, to have to prove a knowledge of the German highway code in order to obtain a German driving licence. The German court was dealing with a Frenchman, resident in Germany for over a year, who had had a motor accident and was found to be without a German driving licence. The unlucky but resourceful driver claims that to require a Frenchman to pass a German examination (consisting of answering printed questions) infringes the EEC freedom of movement of workers. How can they be expected to pass an examination in a foreign language? Further, without a driving licence their employment prospects are jeopardised.

Giving his Opinion on October 24, Herr Gerhard Reischl, one of the Court's Advocates General, took the view that the reissue of driving licences is necessary to enable police to check their validity and that there is no discrimination nor infringement of the freedom of workers to move from one EEC country to another as long as the examinations take into account the linguistic problems of the driver.

The Advocate General, however, expressed grave doubts about the correctness of Observations presented to the Court by the British Government. He rejected the British view that the question of driving licences is outside the scope of the Treaty and expressed the view that to ask for a second driving test, as British rules do, might amount to discrimination.

Herr Reischl endorsed the view of the EEC Commission that a driving test passed in another member state creates a sufficient presumption of ability to drive.

Rathgorman's confidence looks likely to be boosted

RACING

BY DARE WIGAN

THERE ARE only modest prizes on offer at Uttoxeter and Teesside this afternoon, the most valuable being the Audlem Handicap Chase (2.30) at the Staffordshire meeting, which carries £1,200 added money.

However, Tony Dickinson is utilising this event to give his promising young jumper Rathgorman a chance to regain confidence after a recent tumble. I have little doubt that, barring an indiscretion, he will win.

Great Brig, whose task was made easy at the last meeting here when the favourite, Merry Legs, unseated her rider, will have improved since then and I take him to beat Imperial Family in the Countryman's Novices Chase (1.30).

Saintly Sorrel, trained by Fred Rimell (as is Great Brig), performed sufficiently well at Stratford-on-Avon last month to suggest that he will go close to winning the Trent Alley Handicap Hurdle (2.0).

In Division 1 of the Hartington Novices Hurdle (1.0) backers will no doubt seize on Chelsea Bar, and they will probably be correct in so doing. Sammy Souza, though no great shakes, is the logical choice for Division 2 of this event (3.30).

With Colin Tinkler riding Rathgorman for Dickinson at Uttoxeter, T. Carmody, the stable jockey, partners I'm a Driver in the North Yorkshire Novices Chase (1.45) at Teesside.

Although I'm a Driver failed by three lengths to concede four pounds to Night Nurse at Wetherby three weeks ago, it is hard to visualise his defeat here.

Royal Cacador, a close third to Current Gold and Even Melody at Carlisle early last month, and who has run well twice since, looks best for the Stainsby Beck Handicap Chase (2.15).

UTTOXETER
1.00—Chelsea Bar
1.30—Great Brig*
2.00—Saintly Sorrel
2.30—Rathgorman***
3.00—Cumbria
3.30—Sammy Souza

TEESSIDE
1.45—I'm a Driver**
2.15—Royal Cacador
2.45—Hi-Quay

£40,578 left by MP

MR. FRANK HATTON, Labour MP for Manchester Moss Side until his death in May, aged 56, left £40,578 gross (£38,572 net), is was disclosed yesterday.

TV/Radio

† Indicates programme in black and white.

BBC 1

9.41 am For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill. 1.45 Bagpuss. 2.00 You and Me. 2.14 For Schools, Colleges. 3.53 Regional News for England (except London). 3.55 Play School (as BBC-2 11.00 am). 4.20 Yogi Bear. 4.25 Jackanory. 4.40 Emu's Broadcasting Company (EBC-1). 5.05 John Craven's Newsround. 5.10 Blue Peter.
5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.55 Tomorrow's World.
7.20 Top of the Pops.
8.00 The Good Life.
8.30 Mastermind.
9.00 News.
9.25 Armistice — And After: Special programme for the 60th anniversary of the end of the Great War.
10.25 Tonight.
11.05 "Most Wanted," starring Robert Stack.
11.55 Weather, Regional News.

All Regions as BBC-1 except at the following times:—

Wales—2.14-2.34 pm I Ysgolion. 5.55-6.20 Wales Today. 6.55-7.20 Heddiw. 11.55 News and Weather for Wales.

Scotland—9.41-10.01 and 11.20-11.50 am For Schools. 5.55-6.20 pm Reporting Scotland. 11.15 Thursday Night. 11.55 News and Weather for Scotland.

Northern Ireland—11.20-11.50 am For Schools (Ulster in Focus). 3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.15 The Fall and Rise of Reginald Perrin. 11.45 Jack High. 12.15 am News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight Southwest (Plymouth).

BBC 2

11.00 am Play School.
5.10 pm Open University.
5.35 News on 2 Headlines.
†5.40 Laurel and Hardy Showcase: "Scram."
6.00 Tammy Wynette with The Frank Jennings Syndicate.
6.25 Beneath the Pennines.
6.55 When The Boat Comes In.
7.45 Mid-Evening News.
7.50 Newsweek.
8.30 Dylan: The Life and Death of Poet Dylan Thomas.
10.30 Accident.
11.20 Late News.
11.35 Open Door.
12.05 am Closedown (Reading).

LONDON

9.30 am Schools Programmes. 12.00 Topper's Tales. 12.10 pm Rainbow. 12.30 Moneywise. 1.00 News plus FT index. 1.20 Thames News. 1.30 Crown Court. 2.00 After Noon. 2.25 The Bass Player and the Blonde. 3.20 Looks Familiar. 3.50 The Sullivans. †4.20 Children's Film Matinee: "Nothing But Trouble," starring Laurel and Hardy.
5.45 News.
6.00 Thames At 6.
6.35 Crossroads.
7.00 The Six Million Dollar Man.
8.00 George and Mildred.
8.30 TV Eye: Michael Foot.
9.00 The Sweeney.
10.00 News.
10.30 Inside Business.
11.00 Rafferty.
12.00 What The Papers Say.
12.25 am Close: Wilfred Owen Poem read by James Coyle.

All IBA Regions as London except at the following times:

ANGLIA

1.25 pm Anglia News. 2.00 Women Only. 4.20 Spiderman. 4.45 The Flintstones. 5.15 Emmerdale Farm. 6.00 About Anglia. 6.20 Arena. 7.00 Bygones. 7.30 Botanic Man. 10.30 Darts—Ladbroke British Matchplay Championship. 11.00 Mystery Movie: Quincy. 12.25 am The Living Word.

ATV

1.20 pm ATV Newsdesk. 3.55 The ATV Thursday Picture Show. 6.00 ATV Today. 7.00 Emmerdale Farm. 7.30 Botanic Man. 10.30 Format V: The World in his Hands. 11.00 Movie Premiere: "The Girl on the Late, Late Show" starring Don Murray.

BORDER

1.20 pm Border News. 4.20 Matinee: "The Lone Ranger and the Lost City of Gold." 6.00 Lookaround Thursday. 7.00 Emmerdale Farm. 7.30 Botanic Man. 10.30 Chuckle Inn introduced by Derek Batey. 11.00 Chopper Squad. 11.55 Border News Summary.

CHANNEL

1.18 pm Channel Lunchtime News and What's On Where. 4.20 The Little House on the Prairie. 5.15 Cartoontime. 5.20 Spiderman. 6.00 Report at Six. 7.00 The Bionic Woman. 10.28 Channel Late News. 10.32 Sandokan. 11.00 Movie: "The Voyage of the Yes." 12.20 am News and weather in French.

GRAMPIAN

9.25 am First Thing. 1.20 pm Grampian News Headlines. 4.20 The Little House on the Prairie. 5.15 The Bob Newhart Show. 6.00 Grampian Today. 7.00 The Bionic Woman. 10.30 Police Newsroom. 10.35 Sportscall. 11.15 Reflections. 11.20 Grampian Late Night Headlines. 11.25 The Practice.

GRANADA

1.20 pm This Is Your Right. 4.20 Spiderman. 4.45 Westway. 5.10 What's New. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Emmerdale Farm. 10.30 What's On. 11.00 What The Papers Say. 11.20 Barnaby Jones.

HTV

1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 2.00 Women Only. 4.20 Little House on the Prairie. 5.15 Job-Line Newsdesk. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Happy Days. 7.00 Bionic Woman. 10.35 Dylan Thomas—Conversation in the Park. 11.20 The Thursday Film: "The Dead Don't Die" starring Ray Milland and Linda Cristal.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion y Dydd. 4.20 Seren Wib. 4.45 The Flockton Flyer. 5.15-5.20 Cartoontime. 6.00-6.15 Y Dydd. 6.30-7.00 Sports Arena.

HTV West—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.15-6.30 Sport West.

SCOTTISH

1.25 pm News and Road Report. 2.00 Women Only. 4.20 Tartan. 5.15 Batfink. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Garnock Way. 7.00 Botanic Man. 7.30 Sale of the Century. 10.30 Something Special with Gordon Honeycombe. 11.15 Late Call. 11.20 Emergency.

SOUTHERN

1.20 pm Southern News. 2.00 Women Only. 4.20 Lassie. 4.45 Beachcombers. 5.15 The Undersea Adventures of Captain Nemo. 5.20 Crossroads. 6.00 Day by Day. 6.30 University Challenge. 7.00 Emmerdale Farm. 7.30 Botanic Man. 10.30 Southern News Extra. 10.35 The Unchar Connection. 11.05 The Professionals. 12.05 am What The Papers Say.

TYNE TEES

9.25 am The Good Word followed by North East News Headlines. 1.20 pm North East News and Lookaround. 2.00 Women Only. †4.20 Thursday Matinee: "Top of the Form" starring Ronald Shiner and Anthony Newley. 6.00 Northern Life. 7.00 Emmerdale Farm. 7.30 Botanic Man. 10.30 Northern Scene. 11.00 Dylan Thomas—Conversations in the Park. 11.45 Epilogue.

ULSTER

1.20 pm Lunchtime. 4.18 Ulster News Headlines. 4.20 The Beachcombers. 4.45 Lassie. 5.15 Cartoon. 5.20 Crossroads. 6.00 Reports. 6.25 Police Six. 6.35 Happy Days. 7.00 Emmerdale Farm. 7.30 Botanic Man. 10.30 Counterpoint. 11.00 The Practice. 11.25 Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 4.20 The Little House on the Prairie. 5.15 Cartoon Time. 5.20 Just the Job. 6.00 Westward Diary. 7.00 The Bionic Woman. 10.28 Westward Late News. 10.30 Movie Premiere: "The Voyage of the Yes" starring Desi Arnaz Jnr. 12.20 am Faith for Life.

YORKSHIRE

1.20 pm Calendar News. 4.20 Jabberjaw. 4.45 Little House on the Prairie. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Emmerdale Farm. 7.30 Botanic Man. 10.30 The Love Boat. 11.30 In Concert—Darts.

RADIO 1 247m

(S) Stereophonic broadcast
‡Medium Wave
(B) Binaural Broadcast

5.00 am As Radio 2. 7.02 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Tony Blackburn. 4.31 Kid Jensen. 7.30 Country Club (S) (joins Radio 2). 10.02 John Peel (S). 12.00-2.02 am: As Radio 2.

RADIO 2 1,500m and VHF

5.00 am News Summary. 5.02 Tony Brandon (S) including 6.15 Pause for Thought. 7.32 Terry Wogan (S) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.02 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S) including 1.45 Sports Desk. 2.30 David Hamilton (S) including 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 John Dunn (S) including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 Country Club (S). 9.02 Folkweave (S). 9.55 Sports Desk. 10.02 Roy Castle in Castle's on the Air. 10.30 Star Sound Extra. 11.02 Brian Matthew introduces Round Midnight, including 12.00 News. 2.00-2.02 am News Summary.

RADIO 3 464m, Stereo & VHF

6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composers: The Court of Henry VIII (S). 9.35 Schubert and Britten: Chamber music concert, part 1 (S). 10.05 Britten's Last Quartet (talk by Hans Keller). 10.25 Concert, part 2. 11.25 An English Conductor in Hungary, part 1. Lionel Friend conducts Elgar (S). 12.00 Words ... by Michael Schmidt. 12.05 pm An English Conductor in Hungary, part 2: Dvorak (S). 1.00 News. 1.05 Manchester Midday Concert (S). 2.00 Strauss: Symphony in B flat (S). 2.45 Rossini: Stabat Mater (S). 3.50 Berthold Goldschmidt concert (S). 5.10 Harpsichord Recital (S). 5.45 Homeward Bound (S). 6.30 News. 6.35 At Home: Brahms, Debussy, Tchaikovsky (S). 7.30 "The School for Scandal" by R. B. Sheridan (S and B). 9.45 Bruckner and Brahms chamber music concert (S). 10.55 Best Travels. 11.05 Music for Piano Duo by Stravinski, Liszt (S). 11.50 News. 11.55-12.00 Tonight's Schubert Song.

RADIO 4

434m, 330m, 285m and VHF

6.00 am News Briefing. 6.10 Farming Today. 6.30 Today: Magazine, including 6.45 Prayer for the Day. 7.00 and 8.00 Today's News. 7.30 and 8.30 News Headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Those You Have Loved. 10.00 News. 10.05 Checkpoint. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 A Voice is a Person: tribute to Kathleen Ferrier. 12.00 News. 12.02 pm You and Yours. 12.27 The Peter Hudson Show (S). 12.55 Weather; programme news. 1.00 The World at One. 1.30 The Archers. 1.45 Woman's Hour including 2.00-2.02 News. 2.45 Listen with Mother. 3.00 News. 3.05 Questions to the Prime Minister, "live" from the House of Commons. 3.35 Afternoon Theatre (S). 4.05 Story Time. 5.00 PM: News magazine. 5.55 Weather; programme news. 6.00 News. 6.30 Top of the Form. 7.00 News. 7.05 The Archers. 7.20 Time for Verse. 7.30 Halle Orchestra concert, part 1: Mozart, Tippett, Elgar (S). 8.30 A Talent to Amuse. 8.45 Halle Orchestra, part 2: Dvorak (S). 9.45 Today in Synod. 9.50 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Any Answers? 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

206m and 94.9 VHF

5.00 am As Radio 2. 6.30 Rush Hour. 9.00 London Live. 12.03 pm Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 Look, Stop, Listen. 7.30 Black Londoners. 8.30 Soul 78. 10.03 Late Night London. 12.00 As Radio 2. 12.05 pm Question Time from the House of Commons. 1.05—Close: As Radio 2.

London Broadcasting

261m and 97.3 VHF

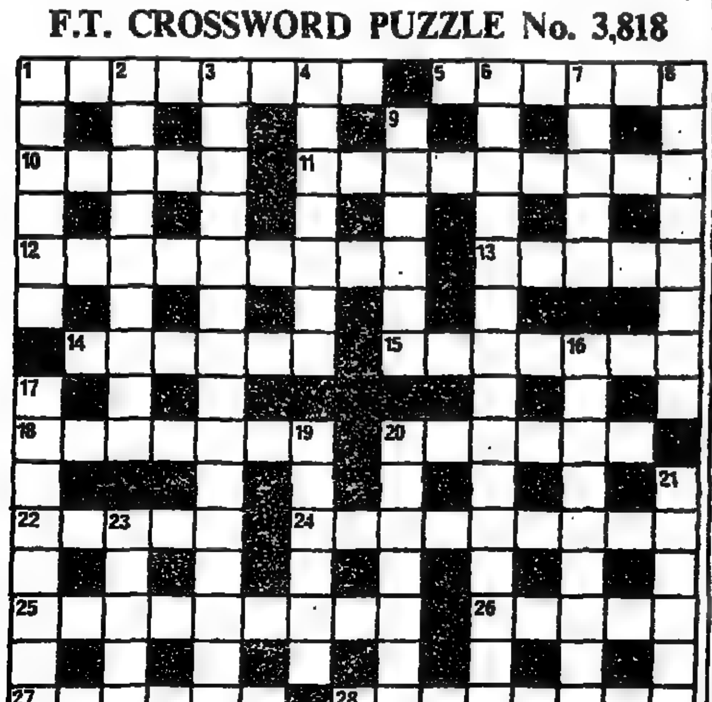
5.00 am Morning Music. 6.00 A.M.: non-stop news, information, travel, sport. 10.00 Brian Hayes Show. 1.00 pm LBC Reports. 3.00 George Gale's 3 O'clock Call. 4.00 LBC Reports (continues). 8.00 After Eight. 9.00 Nightline. 1.00 am Night Extra.

Capital Radio

194m and 95.8 VHF

6.00 am Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.00 Lord George-Brown's Capital Commentary (S). 7.10 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Your Mother Wouldn't Like It with Nicky Horne (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Duncan Johnson's Night Flight (S).

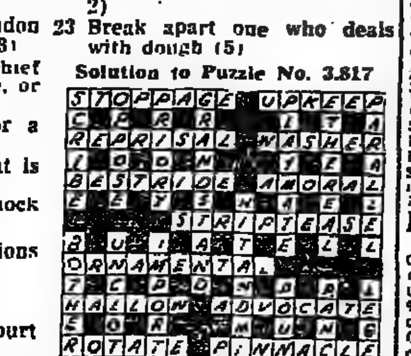
F.T. CROSSWORD PUZZLE No. 3,818



ACROSS
1 Sneering about a road in sound condition (8)
5 Stop speaking in prison (4-2)
10 Figure to approve of colloquially (5)
11 Copyist in RN service perhaps (9)
12 Riding rough-shod over vagrant with fish (9)
13 Incline to be about right in fashion (5)
14 Swell with Orientals could be sweet (6)
15 I'll rest badly in this wooden frame (7)
18 Boiled article in seed (7)
20 Spirit of a type that goes to your head (6)
22 Beast going to East London district or river-bend (2-3)
24 Last course with chief ingredient of main course, or 14 (9)
25 Card game to exploit, or a burning hobby (5-4)
26 Twig it is large-size? That is right! (5)
27 Some French travel to mock (6)
28 Deal and pass! Its dimensions effect the economy (5, 3)

DOWN
1 Composed south-eastern court (6)
2 Dress mother in part for play? Drivel! (9)
3 In high spirits, like a Pole (2, 3, 2, 3, 5)
4 Encourage to breathe (7)
6 Terminate the argument — with Amen? (4, 3, 4, 4)
7 Strained in time, grammatically speaking (5)
8 Is appearing in sea-front garden (8)
9 Fear robbers' leader in struggle (6)
16 Fishing from shelf of rock with loop (9)
17 Legally hindered Oriental and stalled (8)
19 Tyrant of French place (6)
20 Colder, being left in glass vessel (7)
21 Agitate and incite anger (4, 2)
23 Break apart one who deals with dough (5)

Solution to Puzzle No. 3,817



ENTERTAINMENT GUIDE

OPERA & BALLET

THEATRES

CINEMAS

King's Head

The New Garbo

by MICHAEL COVENEY

Frances Farmer, the subject of Hull Truck's latest show, is one of the forgotten stars of Hollywood. Studio publicity billed her as "a new Garbo" but everything we learn about her in Doug Lucie's fast and funny script suggests that not only was she not cut out for such a role—Garbo transformed, even revelled in, rubbish. Farmer hated the trimmings of life in the dream factory and was serious about "acting"—but that she also found herself an unwitting stooge to the mounting activities of the Communist witch-hunt.

From her Seattle base, Farmer won an essay competition and visited Moscow, joining on her return the Group Theatre of Clifford Odets and Harold Clurman, which was dedicated to the Stanislavskyan Method and social drama. The play maintains an enthralling ambiguity as to whether or not Farmer actually became heavily political as a result of her trip and her affair with Odets. What we *do* know for sure is that her mother led the red-neck campaign against her, that her seriousness was disastrously misunderstood, and that, by walking out on Paramount to play in Odet's *Golden Boy* in 1938, she signed her own death warrant as a celluloid star.

The piece is based on two source-books, Farmer's own autobiography and William Arnold's *Shadowland* (published this year in the United States). Mr. Lucie and his enterprising director, Mike Bradwell, have worked through the material to provide a fascinating parable of showbiz ambition destroyed by the process of jumping through hoops. Interesting actresses of today such as Vanessa Redgrave and Glenda Jackson can obviously cope with these pressures. Frances Farmer could not.

She became an accident-prone alcoholic and ended up in a mental institution before, in the late 1950s, re-emerging on the Ed Sullivan Show. She died of cancer in 1970. In the black-outs, gloating voice-overs recount, to the accompaniment of glutinous muzak, the salient, more brutal facts of the case. Onstage, the strengths of the company are magnificently exhibited in a series of close encounters between Frances and a quick-change cast of Hollywood stereotypes and vindictive doctors.

Especially good is an interlude of bitchy troilism in Odets's apartment (we learn as much about *he* was about to compromise his talent as about Farmer's career agony) and a quick guide to Hollywood amorality in a seedy pick-up bar where Frances relieves a miserable marriage to Leif Erickson by canoodling with a drunken, Shakespeare-quoting psychiatrist.

Lally Percy suggests that Farmer was much more than she is cracked down to be by everyone else, and she is abetted with agile virtuosity by Kevin Elyot, Bridget Ashburn and Tony Scannell.

Leonard Burt

Lally Percy

Record Review

Music from Montserrat

by RONALD CRICHTON

Monteverdi Vespro della beata Vergine. Soloists/Escolania and Capella de Musica Montserrat/Collegium Aureum/Segarra. 2 records in box. German Harmonia Mundi IC 165-99681/82 Q. £8.70.

Victoria Missa pro defunctis (6 vocum). Escolania and Capella Montserrat/Segarra. 1 record in album. IC 065-99 602 Q. £4.35.

Purcell Laudate Ceciliam and secular motets. Pro Cantione Antiqua/Brown. 1 record in album. IC 065-99 898 Q. £4.35.

Purcell Theatre Music: Don Quixote. Academy of Ancient Music/Hogwood. Oiseau-Lyre Florilegium DSLO 534, £4.50.

Charpentier Leçons de Ténèbres. Nelson, Verkinderen, Jacobs/Kuijken, Christie, Junghänel. French Harmonia Mundi. 3 records in box. HM 1005/6/7. £8.97.

Montserrat lies up by the wedge of rocky fangs — a "serrated mountain" indeed — that rises behind Barcelona. The monastery is famous for many things, music among them. Casals wrote "Every musician should know the name of Montserrat, for (it) is part of the heritage of that past without which our present-day culture would not have been possible." The Escolania or boys' choir heard in the two recordings at the head of this list has existed since at least the 13th century. In recent years under the able direction of Fr. Ireneu Segarra, the choir has reached a high pitch of excellence — to go back to an old set in the Edigsa Catalan Anthology of the *Missa pro defunctis* of Cererols and compare the often exciting but rough, uncertainly pitched singing with the present standard was illuminating.

For this outstanding recording of Monteverdi's *Vespers of the Blessed Virgin* of 1610 (Montserrat is claimed as "the oldest site of the cult of the Virgin") German Harmonia Mundi have gathered male soloists from the Pro Cantione Antiqua group of London and the Collegium Aureum, the "house orchestra" of players from Germany, Switzerland and neighbouring countries, and sent technicians to Montserrat to record the music in the soft resonance that suffuses without confusing the harmony. What is so remarkable about the result is the feeling of devotion—more an act of worship than a concert performance. There is no stressing of the brilliance, newness or sensuousness of Monteverdi. They are all there, but they take second place to the intention of the work as a whole. The element of challenge and competition of "our edition is the best" is happily absent.

The Pro Cantione Antiqua soloists (James Griffett, Stephen Roberts, here described as tenor-baritone, David Thomas and Michael George) acquit themselves admirably, adjusting sensitively to the style. The two Montserrat boys involved as soloists deserve just as much prominence but are not named. In the *Magnificat* the treble tone is disembodied in a way that does not weaken the vitality. The *Sonata sopra "Sancta Maria"* is given in an extended version with the vocal interjections sung by trebles in unison. The instruments are kept slightly (but not too far) back — the church acoustic casts a sheen over the tone, the glare, squawk and chortling virtually inseparable from original instruments even in such elevated company are reduced to a minimum. The sound is delightful and natural, which is more than one can always say for "authentic" performances.

Victoria was not a Montserrat composer but a Castilian who spent many years in Rome. This *Missa pro defunctis* (for six voices — there is an earlier four-part one from which Victoria borrowed one section for the present work) was written in 1603, after his return to Spain, for the funeral of the Empress Maria of Austria in Madrid, at the Convent of the Descalzas where Victoria was organist. A noble work by one of the noblest of late-Renaissance composers. The performance has the same devotional quality that informs the *Vespers*, proof against occasional slight dropping of the pitch. There is little if anything of the fiery harshness conventionally associated with Spanish voices, or of the over-sweetness which in pre-Britten *days* was a vice of English choirboys.

Pro Cantione Antiqua turn up again, with their conductor Dr. Mark Brown, and members of the Collegium Aureum, on a Purcell disc offering *Laudate Ceciliam*, the Hymn for St. Cecilia's Day of 1683, and various secular pieces. The Ode is vigorously sung but the playing here and elsewhere is slightly heavy and over-emphatic. Three excerpts from the incidental music to Dryden and Lee's *Oedipus* include the famous "Music for a while," here sung by a tenor (James Griffett). I much prefer the third "volume" of the Florilegium series on Oiseau-Lyre devoted to Purcell's Theatre Music.

This single record covers D'Urfey's *Don Quixote*.

The performers are the Academy of Ancient Music under Christopher Hogwood. They have precisely the light, elegant, mordant touch lacking in the previous selection. David Thomas (heard to advantage in three of the records reviewed here) does not quite convince as the galley-slave who sings "When the world first knew creation" but he is splendid in "Let the dreadful engines." Emma Kirkby delights in "Lads and lasses, blithe and gay." Though she cannot quite feign the mock-tragic manner for the third part, she makes much of the big "mad" scena "From rosy bowers." The issue is a sharp reminder of the way English opera might have developed if Purcell had lived longer and stopped squandering his riches on the contemporary drama.

The musical revelation of this bunch, nevertheless, is the French Harmonia Mundi album containing a number of the *Leçons de Tenèbres* of Lully's contemporary, Marc-Antoine Charpentier. This Charpentier, not likely after you have heard a few bars of his music to be confused with Gustave, composer of *Louise*, is emerging from the shadows as a major figure of the late 17th century. The *Leçons* (Lessons in the ecclesiastical sense) are the *Tenebrae* services for the days in Holy Week before Easter. The valuable but not invariably clearly-phrased note by René Jacobs (one of the singers) implies that Charpentier wrote a number of settings and that the ones chosen here, though they *form a liturgical sequence*, were written at different times. In any case they are some decades earlier than the comparatively familiar *Leçons* of Couperin.

The texts are from the *Lamentations*, in Latin but embodying the Hebrew initials (Aleph, Beth, etc.) — Stravinsky did the same in his Jeremiad *Threni*, written nearly three centuries later. There are three singers, a soprano, a male alto also doubling as high tenor and a second soprano with less to do. The instruments are bass viol, organ, harpsichord and theorbo. Musically the point of departure is Gergorian chant, flowering into long melismata, profusely but delicately ornamented, at once austere and ornate. Listeners whose idea of baroque music is rooted in Vivaldi may be surprised. Those who have been getting to know Rameau's operas will find some links with his elaborate declamation and with the curious "broken" writing in *Les Boreades*.

Judith Nelson and René Jacobs are two singers adept at this kind of music, though he once or twice shows signs of strain. Of the instruments, Wieland Kuijken's bass viol is extraordinary for fullness of sound without heaviness, for plumb-true intonation, and for a way of phrasing that may astonish those who have suffered from mediocre cellists sawing an approximate path through the bass lines of baroque cantatas. The recording is beautifully clear. A second volume is promised. Meanwhile this issue is highly to be recommended. It may seem an unlikely Christmas present, but in fact nothing could be better for gentle souls who like to shut themselves away from merriment and turn their thoughts inwards.

Two art export licences suspended

Lord Donaldson, Minister for the Arts, has accepted the recommendations of the reviewing committee on the Export of Works of Art that licences to export an English Gothic stone corbel-head and an 18th century gold watch and chatelaine should be withheld until midnight January 31, 1979, to give public collections in the UK the opportunity to purchase them.

The committee considers the items are of national importance under the criteria laid down by the Waverley Committee.

Any public collection in the UK interested in making an offer to purchase either of the items can obtain further information, including the name and address of the person to whom the offer should be made, from the British Museum.

Prince of Wales

Bedroom Farce

by B. A. YOUNG

The three contiguous bedrooms fit happily into the wide Prince of Wales proscenium, and the mad night's events that fill them so comically in Alan Ayckbourn's clever farce follow their course as effectively as they did at the Lyttelton. The National's production under the author and Peter Hall is transported en bloc so that it may play nightly instead of only in repertory.

There is no point in describing the plot, which involves a long series of interlinked insoluble problems. It involves four pairs. In the Kensingtonian bedroom on the O.P. side are middle-aged Ernest and Delia (Michael Aldridge and Joan Hickson), who, when we first see them, are preparing to go out to dinner. Centre, in a room that suggests Peter Scott prints in the lounge downstairs, are Mr. and Mrs. Normal—tough old do-it-yourself Malcolm and his new young wife Kate (Derek Newark and Susan Littler). They are about to give a house-warming party. On the prompt side, a trendy bedroom contains Nick and Jan (Michael Stroud and Cheryl Campbell), he a young tycoon with a torn back muscle that confines him to bed, she as efficient as she is nubile.

The rogue pair are Ernest and Delia's son Trevor and his wife Susannah. Trevor, given a superb comic performance by Stephen Moore, who can stammer as fluently with his arms as with his voice, is wildly cranky; what's more Jan is an old flame of his. Susannah, despite Delia Lindsay's commanding presence and superb dress, is so short of confidence that she can't enter a room without winding herself up with auto-suggestion. Trevor, Susannah and Jan are all at Malcolm's party. The consequences echo and re-echo until after dawn.

The direction, scrupulously detailed, shows that perfect understanding of the use of understatement in presenting monstrous events which is so necessary to farce.


Michael Stroud and Cheryl Campbell

Riverside Studios, Hammersmith

Dance Umbrella/Dunn & Alston

by CLEMENT CRISP

During the next two weeks a festival under the general title of *Dance Umbrella* will give us an opportunity to see many of the smaller and more adventurous Modern Dance groups in Britain at work. As a bonus, and yardstick, four American practitioners have been invited to appear — the Umbrella idea is a transatlantic one — and Tuesday's initial performance was given by Douglas Dunn, an artist with a considerable New York reputation. It seems entirely justified.

Dunn's programme comprised four solo works, each lasting about ten minutes, and performed in silence, each distinguished by an intellectual rigour in using dance, and a searching concern with the nature of movement itself. Dunn has worked with Merce Cunningham, and something of Cunningham's purity of language is to be seen in these engrossing pieces.

Our first acquaintance with Dunn was with a man lying on his back, pushing himself around the stage by means of his feet. At moments he gazed at us; then at the wall: movement emerged made up of slow balances and poses; there came backward runs which accelerated, then expired as the dance subsided on to the floor. Dance? Yes, absolutely dance. Dance made up of movement suddenly dislocated: of rotating arms that moved in and out of synchronisation; of slow, slow gesture in beautifully controlled canon, left arm against right.

And then, by contrast, a number that started from loping, cross-over steps, very dancy, and expanded into fast light movement that consumed the stage area, and suddenly stopped within a fraction of a second. Dunn's first dance ended thrillingly with him leaping to hold a projecting rod high on the wall, so that movement finished on a soaring arc as the lights faded: another started with a trembling that gradually shook his entire body. In each solo Dunn seemed to establish to a base for our understanding and then moved outward from it in increasingly exciting and daring dance.

The second performance in the evening — each night two companies or artists are on view, with some repetitions, and additional workshops, classes, film-shows—was given by Richard Alston and a quartet of dancers. The first part of their programme I enjoyed very much. Like Dunn, Alston has accepted the influence of Cunningham. His choreographies are clean-lined, exact in language, and sometimes very austere. The recent pieces which we saw first included Maedee Dupres in the repeat of a bouncing, happy dance to Purcell harpsichord music which I reported on earlier this year. Then Julyen Hamilton in *Connecting Passages*, calm and unfussy in dynamics.

Finally Richard Alston himself in *Unknown Banker buys the Atlantic*, a sinuous, undulating very theatrical number, full of sudden swirls of activity, which uses part of the Cole Porter score for *Within the Quota*, composed for the *Ballets Suedois* in 1924 (its Gerald Murphy backdrop of a huge newspaper headline provides the title).

Alston's newest work, *Distant Rebound*, receiving its first performance, disappointed me at an initial viewing. A quartet for two men and two girls, it evokes the manner of an earlier study in duets made this year, without matching its inevitability, or its richness of imagery.

Dance Umbrella continues for the next two weeks at Hammersmith and at the ICA: well worth while, well worth supporting.


Douglas Dunn

Purcell Room

Trevor Pinnock

by NICHOLAS KENYON

Archiv Produktion have just released the first two in a new series of Bach recordings by the English harpsichordist Trevor Pinnock—and an uncommonly exciting pair of records they are, presenting all Bach's youthful Toccatas with verve and scrupulously-controlled liveliness. To coincide with the release, Pinnock included two of the Toccatas in his recital on Tuesday; some of the control was missing in the popular D major work, but the weight and grand logic which he brought to the (really quite primitive) G major Toccata, was most invigorating.

The recital was most notable, however, for what was presumably a foretaste of a future Archiv recording: a magnificently bold and unified account of the Overture in the French Style (which was published in Bach's second book of *Clavierübung* alongside the Concerto in the Italian Style). The form of this work, with its slow-fast-slow overture and paired groups of dances, closely follows that of the orchestral Suites. Yet how often do we hear an ensemble attack a Passepied with the vigour and deft rubato which Pinnock achieves, or draw together a long concerto-like movement such as the overture with the tensile strength and logic which seems to come naturally to him?

There were fluffs, as there are almost bound to be in playing as risky as this—notably in the final Echo movement—and I did not feel that Pinnock had the Couperin style as firmly embedded in his fingers as the Bach style. Couperin's 8th *Ordre*, though its tremendous *Passacaille* had a despairing force, passed as a set of miniatures. Yet the sombre opening movement, *La Raphaèle*, and the titanic Sarabande *L'Unique* are among Couperin's most splendid creations, and these were underplayed. Still, we have harpsichordists who can play Couperin; there are very few who can bring Pinnock's penetrating understanding to Bach. The choice of the *Goldbergs'* sarabande theme as an encore left me longing for the whole set of variations: a recording soon, please.

Wigmore Hall

Alexeyev Duo

Dimitri Alexeyev, the young Soviet winner of the 1975 Leeds Piano Competition, is by now well established in this country as a distinguished soloist; but he had not been heard before Tuesday as one half of a piano duo with his wife Tanya.

At their best they make a duo together of great refinement and elegance. They share a remarkable unanimity of phrasing and attack; their playing is never less than well-schooled. The highlight of their programme for four hands on two pianos was Ravel's *Mother Goose* suite—written in the same year as *Gaspard*, and its very polar antithesis: all cool simplicity, rounded deftly and lightly with marvellous economy of gesture. The Alexeyevs gave it lovingly, and with fine precision—sweetly pointing the parallels between Ravel and Satie in "Beauty and the Beast," aptly nicknamed *Gymnopedie No. 4*.

The rest of their evening was more spirit than substance: a jolly, robust account of Shostakovich's little Concertino op. 94 (written in 1973 for performance by the composer and his son Maxim); a solid, perhaps slightly over-serious reading of Rakhmanov's six Duets op. 11—but lit with a splendid, steely glitter in the Scherzo and finale; and a workmanlike account of Brahms's F minor sonata for two pianos op 34b—the precursor and exact blueprint of the later, greater Quintet op. 34.

DOMINIC GILL

Fine Arts Society

Maxwell Armfield

The revival of interest in British Art of the earlier part of this century, and the serious critical re-appraisal that quite rightly has gone with it, has transformed our view of the period, rescuing reputations and salvaging a great many excellent and beautiful things: but we must take the greater care not to allow our fashionable enthusiasm to run away with us.

Maxwell Armfield, who died in 1972, lived into his nineties, long enough to see and enjoy the first few years of this little boom, and his life's work makes the point for us. The retrospective at the Fine Art Society contains some fine paintings, most especially a small group of portraits dating from well before the First World War: they include the painting of his mother, dated 1900, and the best work in the show, his wife seated by a window, of 1911.

But Armfield was evidently drawn towards the applied and decorative arts, to design for the theatre, for the poster and illustration: which is no bad thing at all. It can have the effect on a painter, however, of easing his ambition and at the same time turning his attention overmuch to matters of facility and style. With Armfield we can follow the dilution through from the early concentration to the weak symbolism of the last works. In between we have several splendid things, some very pretty latter-day art nouveau flower pieces, and landscapes of the thirties, notably Wareham Church and the Great Coxwell Tithe Barn, of a splendid Griggsian strength. These pictures are indeed very good, certainly worth this new attention: but, saying that, we must remember their place.

WILLIAM PACKER

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Tokyo Round cliffhanger

MOST INTERNATIONAL negotiations enter a cliff-hanging phase as they near their end, and the Tokyo Round of multilateral trade negotiations in Geneva is proving no exception. Five years since the Round was officially opened, the target date for its conclusion is now only just over a month away. But many major questions remain unresolved, the U.S. and the EEC appear to have worked themselves into an impasse on the key issue of countervailing duties and there is a danger that attitudes will harden if the deadlock is not broken soon.

Textiles

One encouraging development is the news from Washington that President Carter will almost certainly not sign the bill that would effectively take textiles out of the negotiations by excluding U.S. textile imports from any tariff reductions agreed in Geneva. If the bill were allowed to go through, there would clearly be a danger that the outline package agreed in July by the main negotiating partners—the U.S., the EEC and Japan—would start to come apart at the seams.

The troublesome problem of countervailing duties, however, remains unsolved. The difficulty stems from the U.S. Congress's failure, before it recessed last month, to extend a waiver relieving the Administration of a legal obligation to impose countervailing duties on subsidised imports. Once the waiver expires in early January, the Administration will be legally required to impose countervailing duties on a wide range of imports, many of them from the EEC, at the risk, in European eyes, of provoking a damaging trade war. But Congress does not reassemble, and is therefore unable to extend the waiver, even if it wants to, until almost two weeks after the legislation expires.

President Carter's assurances that a way will be found of dealing with the problem, whether by Administrative or Congressional means or a combination of both, have not proved enough for the Europeans. The EEC says it will not negotiate under the threat of a trade war and France, backed by Ireland, has gone so far as to suggest that the Community should consider calling off the whole negotiation.

The dispute has led to fundamentally differing interpretations of the purpose of this week's visit to Europe by Robert Strauss, the U.S. special trade negotiator. In Washington's view, the aim is to try to reach a sufficient degree of political agreement in the coming days to allow the talks to be concluded on time in mid-December. In the Community's view, no more than an assessment of progress is called for.

The Americans, publicly at any rate, are still insisting that the December deadline can, and should, be met. They have enlisted Japanese support. The way out of the deadlock in Washington's opinion, is for the Community to agree to continue negotiating with its sights on the December deadline, but make its final approval conditional on a satisfactory solution to the waiver problem. Agreement on a final package in December would in any case make it easier to persuade Congress to defuse the waiver issue, and indeed to ratify the whole package, the Americans argue. The Community, however, wants to see what happens in January before striking the final deal. The view in Brussels, shared by many people in Geneva, is that the talks are now bound to drag on until February or March.

Flexible

The Community, understandably, does not want to pay twice for a concession, the waiver's extension, which it thought it had negotiated last summer. The European Commission knows that it is going to prove difficult enough to persuade member Government to swallow some of the concessions the Americans are demanding on items like subsidies and farm trade. The Americans, it is true, have failed lamentably to deliver on the waiver. But it would be tragic if the whole Round were to break down on the issue. The Community could afford to be a little bit more flexible without undermining its entire negotiating position. In London this week, M. Olivier Long, the GATT Director-General, described failure of the Tokyo Round as "politically inconceivable." It can only be hoped that he is right.

Shipbuilding subsidy war

GOVERNMENTS IN Western Europe and Japan have agreed on a number of occasions in the past three years that shipbuilding capacity must be reduced. Not only is capacity far in excess of foreseeable demand, but the older shipbuilding countries have to come to terms with the fact that the newer producers, such as South Korea, can build ships more cheaply and are certain to obtain a larger share of the world market. The problem, which has surfaced again at this week's meeting of the OECD shipbuilding working party in Paris, is to ensure that the sacrifices involved in cutting back capacity are shared equitably.

The Japanese industry, which has been hit very hard by the combined effects of the recession and the appreciation of the yen, is aggrieved over the persistent tendency of European governments to subsidise their yards and thus enable them to quote lower prices. The Japanese insist that they adhered to their promise to raise prices by 5 per cent: indeed, there have been reports in recent weeks that the Japanese have virtually priced themselves out of the market.

Competitiveness

In Paris yesterday the leader of the Japanese delegation announced that from the end of this year the Japanese would no longer be bound by the 5 per cent commitment. Their argument, which seems a reasonable one, is that a self-imposed competitive handicap for the Japanese hardly makes sense when European countries, notably the UK, are propping up inefficient yards and enabling them to cut prices drastically as a means of preserving employment. The Japanese Government has been discussing with the shipbuilders a plan for reducing capacity by some 35 per cent. They see no reason why this painful operation should be made even more difficult by artificial restraints on their yards' competitiveness.

The practical effect of the ending of the 5 per cent commitment is difficult to judge. In view of the bankruptcies among smaller Japanese shipbuilders and the poor financial results of some of the biggest companies, the Japanese industry seems in no shape to indulge in extensive price-cutting. But even if the significance of the move is mainly psychological, it suggests that Japan will not sit idly by while the Europeans scoop up the few available orders by unfair methods.

It is fair to say that governments in the shipbuilding nations, even including the UK, are now prepared to accept publicly the need for yard closures. But they all want to be free to carry out the process of rationalisation in their own time and with the least possible interference from outside bodies. Thus the UK and some other EEC countries did not take kindly to plans put forward by the Brussels Commission earlier this year, envisaging a 46 per cent reduction in the Community's capacity to be carried out over a four-year period.

In order to make maximum use of natural wastage and voluntary redundancies, governments want to influence, or at least try to influence, the level of their industry's workload—and that means subsidies. There may also be some wishful thinking that the widely accepted forecasts about demand in the nineteen-eighties are too pessimistic and that closures need not be as extensive as, for instance, the Commission has suggested.

Distortions

There is clearly no possibility of a detailed, international agreement on how to restructure the world's shipbuilding industry; it is difficult enough to get a national programme accepted and implemented. The best that can be hoped for is an agreement which controls the use of national subsidies. At present these subsidies are distorting trade and perpetuating over-capacity. The question is whether governments can be brought to accept that an end to the shipbuilding crisis, and the emergence of a viable, though smaller, industry requires some restriction on their own freedom of manoeuvre.

The tests of loyalty yet to come for the Iranian armed forces

BY APPOINTING a military government the Shah has banked the future of his regime, and his dynasty, on the continuing loyalty of the armed forces.

The loyalty of the top military officers, such as General Gholamreza Azhari, the chief of staff and the new Prime Minister, is not questioned. It had always appeared unlikely that they would accept demands by opposition leaders that the opposition be given control of the armed forces as a condition for entering any new administration.

These senior officers had protested at the concessions made by the government of Mr. Sharif-Emami, the former Prime Minister. They also feared that the expressed intention of the previous government and the opposition to root out corruption would prove more than a cosmetic exercise and lead to a campaign against armed forces commanders.

Even so they have made some attempt to distance themselves from the old regime by arresting the more notorious targets of popular wrath such as Gen. Nematollah Nassiri, the former head of SAVAK, the omni-present secret police.

The Shah has always given close attention to appointments and promotions even of middle-ranking members of the officer corps. His own father, Reza Shah, rose to power by marching his elite cossack brigade on Tehran in 1921. The Shah himself was restored to power only with the help of the army during the overthrow of Dr. Mossadegh in 1953.

In the late 1950s and early 1960s he relied upon the army, particularly SAVAK, to quash internal dissent. In 1963, when the Shah finally established absolute rule, the army crushed riots in Tehran with heavy loss of life.

But in relying on the army the Shah has been exceptionally careful to ensure that it remains under his control. The three armed services liaise only through the Shah's personal staff. Loyalty to the Shah rather than military efficiency is the key to rapid promotion.

Loyalty was ensured by heavy surveillance of the army by a variety of security agencies. Power could not be concentrated in the hands of any single organisation or military commander. The Shah's personal security is looked after by the Imperial Guard, an all-officer unit, and there are heavy concentrations of paratroopers, counter-insurgency rangers and armour around Tehran.

A multiplicity of organisations divide responsibility for security. The Imperial Iranian Inspectorate, set up in 1958 after the head of military intelligence was accused of plotting a coup, is the Shah's personal instrument for guarding against military conspiracies. The mysterious Special Bureau keeps an eye on SAVAK.

Despite these precautions, the Shah admitted earlier this year that SAVAK had become "a state within a state" and in last Monday's broadcast setting up a military government he promised that past mistakes would not recur.

But it is to the armed forces as a whole, that the Shah is now looking for his survival. Possibly, in his determination to prevent senior generals acquiring too much authority, the Shah has weakened their links with the middle ranks of the officer corps. All officers, however, have been cosetted by the government, receiving high pay and extensive fringe benefits.

The difficulty of knowing the political complexion of such officers lies in the recent enormous expansion of the armed forces. Defence spending has risen from $67m in 1953, to $844m in 1970 and to $9.4bn last year. Armed forces manpower increased annually by 11 per cent between 1972 and 1976, from 191,000 to 300,000, and now stands at 413,000.

Unrest is more likely to occur among the lower ranks, many of whom are conscripts. It is they who actually come face to face with the rioters and are likely to be more susceptible to appeals by religious leaders, especially those from the exiled Ayatollah Khomeini, to withdraw their support from the Shah.

Although Khomeini has called on the families of soldiers to persuade them to join in ousting the Shah, he has yet to take the final, crucial step of calling for a military revolt within the army.

But with Moharram, the holiest period in the Shiite calendar soon to begin, further demonstrations are likely. At that time the loyalty of the ordinary soldier, including his willingness to shoot martial law-breakers, will be tested to the full.

Patrick Cockburn

Why the Shah has almost run out of options

BY ANTHONY McDERMOTT in Tehran

THE Shah of Iran launched his much-vaunted liberalisation programme two years ago. Since then the choices open to him which would not—in effect—result in the erosion of his sweeping powers have gradually narrowed.

His appointment on Monday of a military government under General Gholam Reza Azhari, the Chief of Staff, although logical in view of the uncontrolled violence in the streets, emphasised that in the end he was left with almost no choice. This limitation can be directly attributed to the fact that, after years of stifling dictatorship and empty political experiments, first with a two party and then with a single party system, no one here is really prepared to believe that the Shah means it when he says, as he did again on Monday in an address to the Iranian nation, that he will press on with liberalisation and free elections.

The Shah's first option—that of soldiering on with the Government of Mr. Jaafar Sharif-Emami in the hope that the army would gradually cool the antagonism of the rioters—obviously disappeared with Mr. Sharif-Emami's resignation on Sunday. Nevertheless, it is worth observing that Mr. Sharif-Emami, during his 10 weeks in power had perhaps more independence than any of his predecessors. He enacted Bills which gave dramatically more freedom to the media and to the universities: an amnesty was announced for more than 1,000 political prisoners: and a business code was imposed on members of the Royal Family.

There has been much talk of a second option—that of the Shah stepping down in favour of Crown Prince Reza, now aged 18. It has been argued that such a move would in theory provide constitutional continuity and a focus for the armed forces' loyalty and allow the formation of an interim vice-regent council until the Prince came of age. But it is apparent that the loyalty of senior officers is to the Shah personally, rather than to his dynasty. This fact, plus the intensity of the opposition to the Shah and the protracted and extensive violence as seen in Tehran on Sunday, have made it quite clear that abdication would be tantamount to ending the Pahlavi Dynasty. However dispirited the Shah may seem to those who have met him recently, he has no intention of doing this.

The possibility of continuing with the liberalisation programme and of holding free elections by the end of June next year remains on the horizon. But it will clearly take some time before the full reaction of the Iranian people can be gauged towards the Shah's appointment of a government in which the hard core is from the military. On Tuesday, the citizens of Tehran seemed most interested in trying to clear up the aftermath of the rioting—evil-smelling piles of half-burned rubbish hanging out of gutted vehicles and shattered glass from banks and cinemas.

But the acid test will be the performance of this military government, the appointment of which by all accounts was not forced on the Shah by the leaders of his 413,000 troops. The military members of Cabinet, all long-serving members of the armed forces and thus servants of the Shah, are interested more in restoring calm and order than in overthrowing the Shah. If there is a danger to the Shah from the armed forces, it lies amongst the 240,000 conscripts. There have been a number of confirmed incidents during the period of martial law of guns being turned on officers rather than on rioters, and of soldiers embracing rioters.

The Shah, in selecting a mainly military Cabinet, has given a very tough task to his officers. To take two examples: while the soldiers will be trying to keep control on the streets, General Gholam Ali Oveissi, already martial law administrator of Tehran, will also be trying to cope with the manifold problems he has acquired with the portfolio of Health and Social Welfare Minister. And General Iraj Moghadem, the new head of Savak, the security service, has also been appointed Minister of Power and as such is burdened with the task of getting oil production back to normal levels.

Two factors in particular make it likely that a military government is here to stay for some time. The first is that the chances of the military being able to solve the problems of strikes and of the restoration of public services in a period of months are remote. If this is the case, then the more the opposition to the Shah and his government grows in the streets—and this will be fuelled by the fact that the economy is expected to decline in the coming months, with inflation trebling from a rate of about 10 per cent before the recent troubles—the more a military government may be needed. As Dr. Ali Amini, a former Prime Minister and a candidate for this position again, pointed out in an interview, this is because civilian politicians are not adequately equipped to impose law and order.

The second factor relates to the circumstances which the Shah still has in his favour. The first is that opposition politicians are far from united. The religious leader Ayotallah Ruhollah Khomeini, now in Paris after 15 years of exile in Iraq, is as much an emotive figure of unity for the chanting crowds in the streets as the Shah is a focus of their hatred. The Ayotallah provides a certain foundation of Islamic values against the damage wrought by rapid Westernisation and development, by corruption, and the flight of people from the countryside to the town. He is also a focus for the frustration of people who have been told incessantly by the Shah that by the end of the century Iran would be one of the great non-nuclear powers in the world, when it has become increasingly obvious that this would not be so. But Khomeini's call for the overthrow of the Shah and the formation of a purely Islamic government is wildly impractical and prejudices the position of the opposition National Front, the political pedigree of which dates back to the era of Dr. Mohammed Mossadegh and which maintains links with Khomeini. Until the Front, led by Dr. Karim Sanjabi, is able to put some distance between itself and the Ayotallah and feel strong enough not to use him mainly as a means of cashing in on his popularity, its political future is limited.

Dr. Amini argues that when the provisional—he hopes—military government has finished its work, then a national government comprising almost all the main political forces except the Communists can be formed. But with the National Front's current adherence to Ayotallah Khomeini's views anathema to the Shah, its prospect of joining a government with the Shah at its head, and thus of civilians returning to power seem distant.

The Shah also has the benefit of support from the West. Iran's links with the U.S. are conspicuous in defence, even if Iran is not a formal member of NATO. Through the Central Treaty Organisation (CENTO) there is a useful institutional link with Pakistan and Turkey as regional members and with the U.S. and Britain as associates. Iran has, in addition, a vital role in patrolling the Gulf, the main channel for the West's oil, and, in providing what should be a stable barrier between Afghanistan and Turkey. Furthermore, although Iran is not as pivotal a producer of oil within OPEC as Saudi Arabia, it still has an important voice in deciding what happens to oil prices. This role will become more crucial to Iran as it endeavours to get to grips with the problems of its economy. Finally, Iran plays a strategic role in providing oil for Israel and Southern Africa and in maintaining diplomatic contact with these two controversial countries.

This success of the present government will, in the end, be measured less by its ability to restore order—which it can undoubtedly do brutally through its military strength—than by its handling of economic problems.

The banking system, as a result of strikes and the destruction of most branch offices in Tehran, has come to a complete halt. Foreign bankers here are staying at home, fearful of the current wave of xenophobia and possibly reporting back that Iran is likely to be too unstable for months to come to be worth loans on the international money markets.

Strikes in the oil fields and refineries have already reduced Iran's income for 1978-79 from an anticipated $20.7bn to $17bn, and even this might be an optimistic estimate. Factory production has been cut to about two-thirds of capacity. The balance of payments deficit is likely to be trebled, although there is a saving grace in that reserves of foreign currency and gold still total about $10bn—only slightly down on the amount at the beginning of the year. The sixth development plan, dating between 1978 and 1983, will have to be revised once again to eliminate the wastefulness that continued during the 12 months premiership of Dr. Jamshid Amouzegar, who was replaced by Mr. Sharif-Emami in September.

The thesis that a military government should, over a period of several months, restore order and then hand back the liberalisation process to the politicians, has a certain logic. But apart from the fact that the politicians are badly divided, the Iranian people's distrust of any move the Shah makes has only been deepened by the appointment of the military government: since the Chief of Staff became Prime Minister, for example, Parliament has been dissolved and Press freedom infringed.

The likelihood remains that the events of the past few days have undermined the personal power of the Shah beyond recall: that an early civilian government could neither fill the vacuum nor restore that power, and even though the military government possess the power to control the streets, the question remains whether it can effectively control the economy.

MEN AND MATTERS

Insider's view from outside

When hound turns hare or gamekeeper turns poacher he can expect some problems. Lord Armstrong is, of course, none of these, but the metaphors spring to mind with his description of the problems he is having in understanding what Whitehall is doing. This is a strange admission for the former head of the home civil service to make, particularly since he has not been cast into outer darkness, but into the inner councils of the Midland Bank.

Yet his complaints sound heart-felt: "Since I have left the government civil service I have felt frequently to be in some terrible fog. It's quite extraordinary how while I was inside I felt we were straining every nerve to explain ourselves and that on the whole we were managing it. But it looks very different from outside. Even in areas of concern to me now I find (myself) having to guess what the government is up to.

Armstrong made these comments when being interviewed by the BBC for a programme on freedom of information which is to be shown tonight.

In this he admits that the present system allows mistakes and incompetence to be covered up—and William Plowden, a former Undersecretary at the Department of Industry who is now director of the Royal Institution of Public Administration, says on this: "It's not difficult for civil servants to pull the wool over the eyes of Select Committees because MPs don't know what questions to ask."

Though Armstrong may find it hard to discern what civil servants are up to he shows that he has forgotten nothing about how they do it. He believes that moves to more open government depend on winning the co-operation of civil servants rather than coercing them because: "The Civil Service will not create documents until it is ready to. You conduct things in conversations and make yourself aide memoires and memoranda. They are not documents. There is no reason why outsiders should see them."

Human defence

John Walford an unassuming civil servant who has just set up the first anti-canine society in the country, is touchingly optimistic that he can persuade politicians there are votes in controlling Britain's estimated 5m dogs. He tells me a large number of the correspondents to LICC, his newly-formed League for the Introduction of Canine Controls, put this as one of their first priorities.

"I am sure there are more votes in the line we are taking than in the present laissez-faire attitude," he says. "I'm surprised at the number of people who say 'That's just what I've been thinking'."

So far Walford has about 100 supporters and plans for a branch of LICC to match every pro-canine society which does not aim to clean up pavements and parks. He is also anxious to push the dog licence fee up to "something realistic," which would discourage anyone from buying a dog as a Christmas present without second thoughts.

"A Swedish friend of mine went to the Post Office the other day to buy a licence and when he was told it was 37 started counting out not 37p but £37 — without batting an eyelid," he tells me. "It is about that there. I would aim for £20, which is only about a pint of beer a week." He also points out that in certain U.S. towns dog-owners have to take a bag and shovel with them when they go out walking.

Despite his modest intentions Walford, 35, recognises he is likely to incur the wrath of dog-lovers, as have several of his supporters. They complain of threatening telephone calls, and visits by dog-owners accompanied by their pets.

Battling on

Where there is nostalgia there is money. And as every publisher and television producer long ago realised, the Second World War is now viewed with misty eyes on the horizon of memory. P and O has gone one better with nostalgic cruises round the sunnier battlefields of the Mediterranean, complete with a distinguished veteran of the last war to point out the most interesting features.

Lieutenant General Sir Napier Crookenden, the son and grandson of soldiers, is off on his next lecture cruise later this month.

"The interest in the Second World War astonishes me," he says. "Rather like World War One, which is very popular, the Second World War is now far enough away to be interesting to my children's generation. Normally your parents' past is enormously boring and it's your grandparents' past which fascinates you."

The cruise ship, perhaps suitably in view of recent military happenings in East Africa, is called the Uganda. Although 26 years old and at one time threatened with being broken up, it is, says Crookenden, "in good nick".

Cook in trouble

Anton Mostert, the judge at the centre of South Africa's "Muldergate," has asked to be allowed to drop out of the limelight. "I have nothing to say at this stage, nor is it likely that I wil make a statement at any later stage," he said yesterday after Prime Minister P. W. Botha had stopped him investigating the most serious scandal in recent South African history. But it is unlikely that the Mostert will remain in obscurity for long — at least to judge from his record.

An accomplished chef whose favourite dishes are Indonesian, he had shown signs of determination long before he turned on his heel and walked smartly out of the Prime Minister's office. When made a judge three years ago at the age of 44 he was probably the youngest judge in South African history. But he quickly had a tiff with the judicial hierarchy in the Transvaal, apparently showing the same refusal to accept the whims of the establishment as he had in 1974 when he made it possible for the South African public to see some other surprises — those in Godspell, the musical which retells the gospel in street-theatre style.

Godspell was strong meat for many South Africans. The Superman T-shirt worn by the Christ figure particularly offended Calvinist churchmen. The Publications Control Board, official guardian of the country's morals, banned Godspell after a few performances. But as counsel for the producers Mostert was instrumental in coming to a compromise with the censors. Part of this involved the adding of a prologue which disclaimed any parallels between the play and the gospel—though, read out by a grinning stagehand, this never failed to bring the house down.

Dashing

A colleague tells me of a story he heard in East Germany recently. Two border guards had just finished their lunch in a field in a remote part of the frontier. One asked the other: "Would you shoot me if I made a run for it?" A long pause ensued before the other guard replied: "I suppose so. Would you shoot me?" The first guard said no. The other immediately said: "Fine, I will go first."

Observer

ECONOMIC VIEWPOINT

Giving money its proper value

HE BELIEVES in black magic, you are a monetarist, I am a monetary economist. It may seem, as the City settles down to its monthly worry about the banking figures, that we are all monetarists now, but it is not so. The black magicians—Mr Enoch Powell and the monetarist wing of the Conservative party—believe that the control of the money supply is more or less a self-sufficient economic policy. The monetarists, who seem to include Mr. Healey nowadays, appear to believe that control is a necessary though not a sufficient condition for progress. The sophisticates—you and I—want to know just what is going on.

To simplify matters a little, one can reduce the three classes to two. The true monetarist, whether he believes in magic or not, is a man who broods about totals. There are admittedly many schools of thought about which total is significant—M1, M3, M5, high powered money, or the monetary base, just for starters—or whether you should study all of them: but the total of money, however defined, is what makes the wheels go round.

For the monetary economist, the message is much more muffled. He will not only be interested in money, but in Domestic Credit Expansion (DCE), for example; and in studying money itself, he will want to know not only the point we have reached, but the route we took to get there. For example, the latest money supply figures may have been pushed up by private credit demand or by the failure of the Government to sell enough stock. It's all one to the true monetarist, but not to me.

Before going any further, it is worth drawing attention to the two exhibits in the charts. The first shows monetary growth in two well-known economies, defined very roughly in the way we define money in this country—cash plus current and deposit accounts. As you can see, one country, Germany, has followed what is on this test a wildly inflationary monetary policy for a large part of the period since 1974. The other, the U.S., has for most of the period been very restrained.

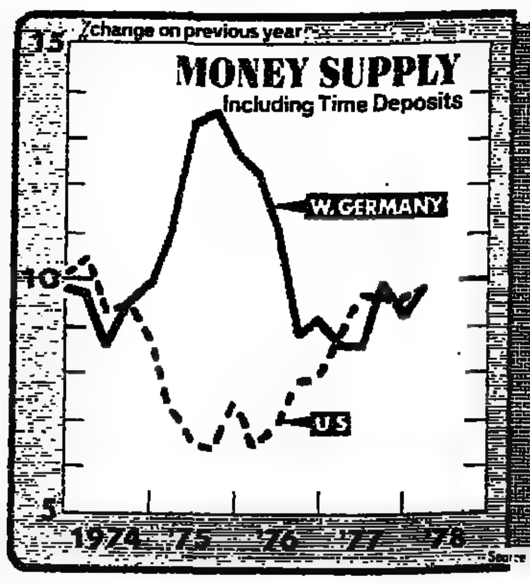
Time lags

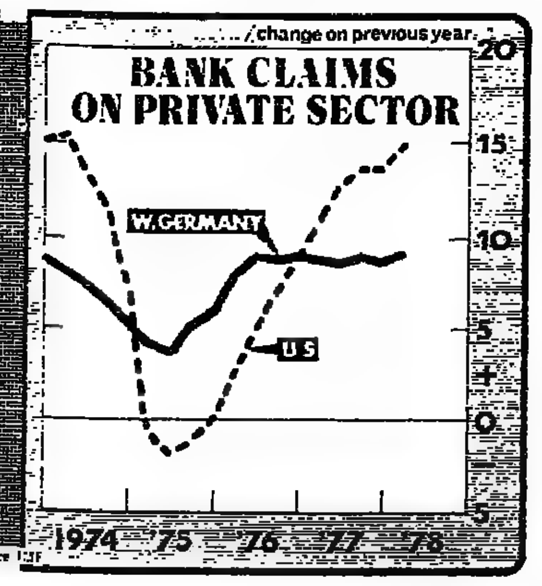
Try as you will, and with any structure of time lags you choose to invent, you can't make any monetarist sense of that. The other chart shows the figures which seemed most interesting to the Radcliffe Committee, bank lending to the private sector. Here the U.S. figures swing from excess to restraint and back to excess; turn the chart upside down, and you have a rough history of the effective exchange rate of the dollar. The other line shows a Germanic steadiness.

The purpose of these carefully selected charts is not to prove that Radcliffe was right all along, but to sow a little healthy doubt in the mind of any monetarist reader. I am aware, of course, that religious monetarists, like Freudian analysts, can explain away any amount of evidence and await their explanations with interest. Anyone with an open mind, however, must suppose it possible that matters are more complicated than monetarists suggest. Now, if you are sitting comfortably, we can begin.

The odd behaviour of the German money supply clearly has something to do with foreigners and speculation. Germany is a member, or rather the leading member of the snake, which carries an obligation to intervene in the exchange markets, and is also a voluntary member of the dollar support club, to which it makes large subscriptions from time to time. Intervention means issuing D-marks in exchange for dollars, francs (Belgian) and so on.

Until a year ago, Britain was a member of the same club; in the cause of controlling our own competitiveness, we intervened to such effect that our reserves rose from danger level to a peak of $20bn or so; but the effect of this on our money supply so alarmed the authorities that we abandoned the policy, and have since floated fairly cleanly. The Germans have simply let their money supply rip (and there is little doubt that it has ripped again in the period since June, when the chart ends). Up to now, they seem to have survived the consequences of indulgence, and we have precious little to show for our self-denial. It is of course possible that after a suitable time lag Germany will suffer gross inflation, and the UK will stabilise; but one prefers to look for more plausible conclusions.





The simplest way to reach such conclusions is to look at what is going on. When currencies are subject to speculative flows, the main force behind the flows, as we all know, are corporate treasurers. Banks may also adopt switched-in or switched out positions—a normal piece of banking prudence which is now the subject of a Congressional investigation. But except for any profits which may result from these activities, no company or bank is richer or even more liquid as a result of switching its assets from one currency to another. It is not surprising that the holdings of D-marks do not cause an explosion of money demand in Germany: the German offices of multinationals are simply acting as group bankers.

This does not mean that there is no inflation anywhere. The rise in the German money supply is the result of German exchange market intervention. That intervention raises funds which the Bundesbank may invest in, say U.S. Treasury bills. If at this time the Fed is following a money supply policy rather than a credit policy, it will sell correspondingly fewer bills in the U.S. market, and thus make credit cheaper than it would be if the Bundesbank had not intervened. The demand inflation is financed and occurs in the U.S., but the corresponding monetary inflation appears in Germany. Moralists can argue about where the blame lies.

You might think that this story points simply to the conclusion that in a world of intervention, countries should pay more attention to DCE than to the growth of the money supply. This is a better shot, but still wide: German DCE has also been excessive on any known measure.

Rules of virtue

However, as the charts show, *private* lending in Germany has been relatively restrained. The excessive DCE (and monetary growth) largely reflects the failure of the German authorities to fund their inflows. The Bundesbank ought to borrow all the D-marks it uses for intervention from the non-bank public according to the rules of monetary virtue; but it does not do so. This is partly because the Germans are not concerned to control the growth of the broadly defined money supply; the official measure is very narrow, with a heavy bias towards notes and coin. But even on the official test, German monetary growth has been excessive by the strictest standards. Their policy is narrowly defined, and lax, and it doesn't seem to matter.

The first thing that this suggests is simply that when interest rates are very low, it is *quite natural for people to hold a greater part of their assets in liquid form*: the rewards of investment are not worth the trouble. However, this is naturally taken into account in all the demand-for-money equations which lie at the base of respectable monetarism. The sad fact is, however, that since we all became interested in monetary policy, the equations themselves don't work. There is no stable relationship between money, interest rates and incomes. (The fact that any monetary measure becomes meaningless as soon as you try to control it is now known in the Bank of England as Goodhart's Law, after Charles Goodhart, the house monetary economist.) Any explanations lie deeper.

One suggestion of the depths which could be plumbed is the idea that the rise in German money is due to inadequate funding. It is some years since a Bank of England director asked me: "Why should I worry about institutional money piling up, when I know it's going to be invested sooner or later?" The standard answer is that while it is sitting on deposit, the banks may use it to finance higher lending; but this assumes that the banks are very stupid.

If the Pru, for example, leaves several hundred million on overnight interest-bearing account, the banks know very well that this is flighty money, and would be asking for trouble if they used it to grant a new credit, rolling on from age to age, for, say, British Leyland. They will keep it *short*. This difference in the *quality* of deposits is recognised in some countries through differential reserve requirements. No monetary economist believes *that money is money is money*, like Gertrude Stein's rose.

It is clear that once one starts worrying about the effective liquidity of different kinds of banks deposit—not to mention deposits and lending outside the banking system—one is liable to get into very deep water; that is why it is very difficult to understand the simple faith of those who believe that a simple money supply policy (modified or not, according to taste, to allow for possible future membership of the EMS) will solve many *domestic* problems.

Our own authorities, who have a healthy suck-it-and-see approach to the question of monetary policy, though they are deplorably hidebound about their techniques for enforcing it, really only ask for two results—apart from keeping the Government in order. The first is that the existence of monetary policy should drive up interest rates when the demand for credit is higher than is comfortable, without political awkwardness. This is also the creed of Dr. Arthur Burns and harks back to the Radcliffe Committee. The second is that it should influence exchange rates.

Digestion

In this respect, money figures do perhaps tell us something. Currencies of countries with excessive monetary growth, *including Germany*, do tend to depreciate in real terms: that is to say both Germany and the U.S. have gained competitiveness if you balance out the exchange rate movement against the relative performance of domestic costs. The markets seem to balance unit costs and monetary conditions, along with the balance of payments and the state of their digestion, in a rough kind of way. That is perhaps why it is now fashionable to argue that the exchange rate discipline is the real way monetary policy "works." If by "working" you mean opting for recession rather than inflation, perhaps it will; but if you want to avoid both, there is still no substitute for reasonable behaviour.

Anthony Harris

Letters to the Editor

North Sea oil

From Mr. T. Skeet, MP

Sir,—I feel that your correspondent, Mr. A. T. Macgregor (November 1) has misunderstood the position about North Sea oil.

He states "The oil reserves are state-owned and therefore nationalised in the first place. The whole development of the area was a Government and, therefore, nationalised undertaking." A cursory view of the Continental Shelf Act, 1964, will reveal that oil on the Continental Shelf does not in fact, vest in the Crown. All that the Act provided was that any rights exercisable by the UK outside territorial waters with respect to the seabed, subsoil and natural resources, vested in the Crown. This must be so because Article 2 of the Geneva Convention on the Continental Shelf—upon which the legislation was based—provided "the coastal state exercises over the Continental Shelf sovereign rights for the purpose of exploring it and exploiting its natural resources." Of course this is effected by the Government granting licences under the Petroleum (Production) Act, 1934, to search for and win petroleum.

Once an oil company has secured a licence under one of the successive rounds of licences, the crude oil discovered and brought to the surface is the property of the licensee or the group involved, although he is obliged to bring it ashore in compliance with Clause 28 of the Petroleum (Production) Regulations 1976. Having done so he is free, in law, to dispose of his cargo. This is an over-simplification, but it seeks to indicate that the property in the oil vests in the licensees, not in the state. *Control by the state is, however,* effected by the terms and conditions of participation agreements which have been individually negotiated with the companies operating on the Shelf. Matters covering refining and disposal of the oil are among the numerous issues which are covered by continuous consultation between the parties.

The oil industry on the Continental Shelf is thus not nationalised, nor do the resources thereunder vest in the Crown, but they are very extensively controlled by a number of Acts of Parliament and a host of regulations. If anything, there is too much regulation of the North Sea, too little flexibility and unfortunately the Government keeps changing the rules to suit its convenience and the political breeze of the moment. Nobody will argue that there should not be control over the private sector operating on the Shelf, but that the framework should be relatively simple, stable and equitable to encourage investment is imperative.

Nationalisation of the industry would be a disaster, and expansion of the British National Oil Corporation with oil companies as simple contractors to the state agency, would make a complete nonsense. It has neither the management skills nor the advanced technology possessed by the world industry and would soon convert the UK's premier asset into a British mausoleum.

Of course the state has a role in energy. If the Government concentrates on judiciously administering the Acts of Parliament which have relevance to various aspects of the Continental Shelf (the Continental Shelf Act, 1964, the Oil Taxation Act, 1975, the Petroleum and Submarine Pipe-Lines Act, 1975 and Energy Act, 1976) and lets the oil industry get on with its job of finding and bringing the oil to the market a little sense will begin to emerge. Rationalisation of this legislation may take time to effect. As it is, the Government draws off some 70 per cent of the profits, but if petroleum revenue tax is to be increased as recently announced, the companies will be squeezed between steeply rising costs and advancing taxation, making their investment much less viable. No wonder exploration is declining on the Shelf, and the mandarins of Whitehall are wringing their hands in anguish.

Trevor Skeet,
House of Commons, SW1.

Entitlement to benefit

From Mr. L. Preston

Sir,—I was interested to read the last paragraph of Mr. Manley's letter about earnings in retirement (November 7). I was asked by the Department of Health and Social Security to complete forms so that a state pension could be paid at age 70; in the course of this the Department referred to my application for "benefit." I had contributed for 50 years, many as a voluntary contributor and, like Mr. Manley, thought I had an assured entitlement, albeit not funded and not commutable.

L. T. G. Preston,
Casa del Rio,
Courtwood,
Newton Ferrers, Devon.

Above average intelligence

From Mr. G. Lisney

Sir,—The Monthly Survey of Business Opinion (November 6) again reported a shortage of skilled labour, the serious Press is full of situation vacant advertisements, yet there is high unemployment.

All these jobs have one thing in common, the need for above-average intelligence. Is it possible that we have reached the situation in this country where industry needs more people with above-average intelligence than are contained in an average population and where industry cannot provide sufficient jobs for the below-average intelligent proportion of the population?

If this is the case, then the attempts at job creation and the proposal for a four-day working week are no answers to the unemployment problem.

G. H. Lisney,
8, Proctors Way,
Bishop's Stortford, Herts.

Freedom under the law

From the Chairman,
British Legal Association.

Sir,—I agree with the conclusion by Professor Dudley Johnson (October 30) that collective bargaining is a monopolistic practice to be treated like cartels and price rings on the employer's side, and that "anyone who believes in the ideal of personal freedom, part of which is the freedom to join or not to join a union, should oppose the legally sanctioned coercive powers granted (to) trade unions in Britain."

There was much to be said for the idea of the craft guild which existed primarily to promote the extension of skills among the hitherto unskilled, and to protect their proper interests. Out of such craft guilds there has grown the idea that trade unions are entitled to power, which equals or exceeds at times, so it seems, the power of duly elected government. By contrast the learned *professions* do not operate closed shops and the ranks are open to any of the requisite character and ability who are prepared to lend themselves to the arduous training and examinations which are demanded before their fitness to practice is acknowledged. It is ironic that politicians on all sides who support the extension of the privilege of trade unions, are ever ready to knock the learned professions and to ignore the very positive role which they play in our society. For many politicians, it seems, the louder you shout and the greater your brute force the more respect do you earn, and the greater the rewards you may expect.

Happily there are increasing numbers of people within and without the learned professions who are heartily sick of such collectivist / corporatist notions, and who believe (even though, like me, they do not accept the entirety of Professor Johnson's thesis) that the concessions to monopolies of employer or employed, and the immunity from the general law enjoyed by trade unions, have gone too far. The proper freedom of the individual under the law needs to be re-asserted.

S. P. Best,
29 Church Road,
Royal Tunbridge Wells, Kent.

Currency reserves

From Mr. T. Torrance

Sir,—I am delighted that Mr. W. P. Platt (Nov. 7) now agrees with me that the Bank of England is not obliged to intervene in the foreign exchange market, and that the official currency reserves suffer only if such intervention takes place.

I still however, can't bring myself to agree with Mr. Platt. In his latest letter what he does is to describe the current institutional situation, and then say how foreign exchange transactions take place within that context. What he doesn't do, and what I want to do, is to query the value of the present institutions.

For instance, Mr. Platt writes that "the commercial banks are allowed to keep sufficient foreign currency to enable them to carry on their banking business." An example of the sort of question I'm seeking an answer to is why there should be any formal restrictions on the amount of foreign currency a commercial bank (or company, or individual) is allowed to hold. Why should we not free the foreign exchange market from all such regulations, and let sterling always trade at its equilibrium price?

In his penultimate paragraph Mr. Platt appears to think that the present institutional procedures are able to shield sterling from pressures on it brought about by fundamental economic weakness. But I doubt this very much, and agree with a leader in the Financial Times about ten days ago; intervention to keep sterling down expands the money supply, thereby causing inflation; intervention to prop sterling up destroys the price competitiveness of British industry. What is needed, I contend, is a complete end to those institutional arrangements (such as those described by Mr. Platt) which prevent sterling at all times finding its market level, and which are hence so damaging to Britain's economic welfare.

Thomas S. Torrance,
56, Watson Street,
Aberdeen.

Transport in London

From Mr. N. Seymer

Sir,—The letter (October 31) signed jointly by the chairmen of British Rail and the British Road Federation — an historic event in itself—speaks of the writers' concern that the Government's decision-making on investment strategy in transport should "provide the right framework for each transport mode to make the most of what it can offer." In the next column Mr. Henry Haydon expresses his hope that Mr. Ridley's remit as the new Greater London Council director of planning and transportation will "broaden into an examination of the best ways to integrate the advantages of the different transport modes."

Admirable sentiments indeed. But one wonders how far these principles are being followed in current GLC decision-making, in particular by the decision of the GLC London Transport committee last week to authorise expenditure of £450,000 on design work for a rail tunnel under the Thames at Woolwich, construction of which might start a year hence if the Government agrees to fork out the necessary £25m.

Is the proposed tunnel really the most cost-effective transport investment available for revitalising dockland? Have the GLC's professional transport planners pronounced in favour of it, in preference to an additional road crossing of the Thames? Or must the decision be explained by the known obsession of Mr. Horace Cutler, the Leader of the GLC, with construction of the Jubilee tube line from Charing Cross to Thamesmead?

Your report quotes the cost of this line as £280m, and the Government has quite rightly not given the go-ahead for this very expensive scheme (for which it would have to find the money). There is, however, a danger that if a Conservative Government comes to power it will feel obliged to sanction the scheme to please its political allies at County Hall. This would make a mockery of the rational approach to transport investment, unbiased as between road and rail modes, for which the letters I have quoted make such an eloquent plea.

If £280m is to be spent largely on improving transport in dockland, would not the same expenditure make far more impact if spent on improving the road system? This improvement could include building further road crossings of the Thames, notably one at Thamesmead and one on the west side of the Isle of Dogs. I should like to see the latter take the form of a high-level bridge—it could be called the Cutler Bridge!

If the rest of the Jubilee line is never built, the Woolwich rail tunnel would merely serve as part of a rather useless rail route from Thamesmead to Dalston. Perhaps the trains would continue west from Dalston along the North London Line. But would it not make better transport sense if this entire rail route, from Kentish Town to North Woolwich, were converted from rail to road use?

Such conversion of the North London Line was studied nine years ago by GLC planners, as reported in Policy Memorandum No. 29 dated September 1969. If this idea made sense in 1969 (and the memorandum concluded that it did) would it not make equally good sense today?

I suggest that the dramatic improvement in the road network which such conversion of BR's little-used lines in London could bring, at fairly modest expense, would do infinitely more for the regeneration of inner London than will the Canute-like policy of refurbishing rail routes which no longer serve a truly useful purpose. Would Mr. Ridley deny this?

The joint BR/BRF letter gives hope for a saner, more rational approach to transport investment in London, in which BR would not adopt a dog-in-the-manger attitude with respect to the very valuable rights-of-way which it owns in London but makes little effective use of.

Nigel Seymer.
15, Lansdowne Road, SW20.

Houses in disrepair

From Mr. R. Jensen

Sir,—While all credit is due to the Association of Metropolitan Authorities on its five-point proposals to arrest the alarming increase in the number of houses in bad repair (October 30, page 6), up by almost half from 636,000 in 1971 to 911,000 in 1976, the benefits accruing could be only very short-lived (or even illusory if grant uptake were minimal) if there is not a willingness to remove the causes of disrepair, having once identified them.

I would suggest that many, if not most, of the 350,000 private sector rented properties with average controlled rents of £1.20 per week (frozen since 1957), identified in your article "The suppression of the housing debate" (May 18, page 21) are likely to fall into the "bad repair" category for the obvious reason that they are net liabilities carrying a 90 per cent-plus subsidy from the pocket of the private landlord. Many of these will be impoverished resident old age pensioners who, by courtesy of the Rent Acts, have been dispossessed and left with virtually unsaleable properties.

One suggestion I would make is for an ex gratia payment of up to, say, £200 for each year of completed post-1957 landlordship payable against billed renovations, replacements and repairs undertaken between, say 1979 and 1982. Similar treatment, though on a less generous scale, should be extended to "fair rented" properties with their lesser private landlord subsidy of (typically) 50 per cent-60 per cent, similar dispossession, and reduction in saleable values of 50 per cent or more. After all, while mortgagees enjoy very substantial tax relief on interest and increases in the values of their properties, and while council tenants enjoy rents which cover only 30 per cent-40 per cent of the cost of service, private landlords are the only ones who receive no form of housing assistance. Indeed such landlords incur very substantial diseconomies while the compulsion of the law is used to procure the retention of the intolerable position in which they have been placed.

The conditional five- to seven-year post-grant period of unchanged occupancy and use (or face a demand for full repayment of the grant plus interest) is a most significant deterrent to the uptake of grants for improvements etc.; years of prior occupancy and use (if any) should carry equal weight in assessing one's liability in this respect. At a time in this extended period when one might wish to contemplate moving house for a variety of reasons (redundancy, transfer, change of job, etc.) and incurring the not inconsiderable costs associated therewith, the very thing one can do without is to be saddled with this additional financial burden. Modification of the existing ground rules to include prior occupation in the qualifying period would greatly ease this potential burden, reduce immobility, and increase grant uptake.

The problem, incidentally, would seem to be very considerably exacerbated in the case of the private residential landlord who will, I believe, find himself taxed on the appreciation of the apportioned share of his property which is tenanted.

R. Jensen
11 Stanhope Gardens, N4.

Today's Events

Western powers meet in Brussels to discuss aid to Zaire.

Japanese Foreign Minister starts tour of UK, Hungary and Czechoslovakia.

Mr. John Greenborough, CBI president, at annual dinner of Chemical Industries' Association, Grosvenor House, London.

Mr. Michael Edwardes, BL chairman, at Institution of Mechanical Engineers' dinner, Dorchester Hotel, London.

Keynote address by Senator Owen Horwood, South African Finance Minister, at "Investment in 1979" two-day annual investment conference of Johannesburg Financial Mail, opening at Carlton Hotel, Johannesburg.

Mr. Robert Strauss, U.S. Special Trade Representative, confers in Paris and Brussels, asking European Government for new trade agreement.

European trade union leaders ask for far-reaching work-sharing measures in talks at EEC tripartite conference in Brussels.

OFFICIAL STATISTICS

Dept. of Industry publishes provisional figures of vehicle production for October.

Treasury release Central Government financial transactions (including borrowing requirements) for October.

Sample of 20 per cent of Local Authority Mortgage results for 1977 given by Dept. of the Environment.

PARLIAMENTARY BUSINESS

House of Commons: Queen's Speech debate continues. Subject: economic affairs

House of Lords: Order on continuation of Rhodesian sanctions.

COMPANY RESULTS

Final dividends: Higsons Brewery. Manganese Bronze Holdings. RCF Holdings. Speedwell Gear Case. Wood Hall Trust. Interim dividends: Continental and Industrial Trust. Flight Refuelling (Holdings). William Leech (Builders). Northern Securities Trust. Porter Chadburn. Staveley Industries. Sphere Investment Trust.

COMPANY MEETINGS

Wm. Jacks, Berystede Hotel, Bagshot Road, Sunninghill, Berks., 10. Kwahu, 25 City Road, EC, 11.30. Marler Estates, Hyde Park Hotel, SW, 12. Park Place Investments, 136 Bromley Road, W, 12. West of England Trust, 18 Canynge Road, Bristol, 12.

COMPANY NEWS

Sainsbury market share soars: profit up 25%

RESULTS OF J. Sainsbury for the 28 weeks to September 16, 1978, show the greatest ever volume gain, the directors report: with turnover up 28.3 per cent and price inflation down to 7.3 per cent, an unprecedented gain in market share was achieved.

Including VAT of £9.03m (£6.66m), turnover amounted to £521.12m against £406.18m and pre-tax profits rose 24.9 per cent to £15.56m. Retailing net margins were held at 2.9 per cent in line with the average margin of recent years.

The interim dividend is lifted from 2.0328p to 2.27p and an additional payment of 0.0604p will be made in respect of 1977-78. The total last year was 6.0202p from pre-tax profits of £27.58m.

The bulk of first-half profit came from retailing which contributed £15.14m against £12.12m and associates, £424,000 (£338,000).

Tax, based on the estimated relationship between profit, capital allowances and stock relief for 1978-79, is £4.67m against £2.97m leaving net profit at £10.89m compared with £9.49m.

The directors say the results demonstrate the success of Discount 78 and also reflect the success of the traditional policy of maintaining an exceptionally high investment in quality control and product development.

Two new supermarkets opened, with five more projected by the year-end. The rate of openings over the next two years will be significantly higher than in the current year. Sales remain buoyant despite intensified competition which it is not anticipated will ease during the remainder of the year.

See Lex

HIGHLIGHTS

Sainsbury has turned in some excellent first-half figures with profits over £3m higher while margins are being held despite the High Street price war and volume is a fifth higher. **Hill Samuel** has increased its dividend by 10 per cent although profits are lower reflecting some squeeze on margins. Lex also comments on the merger talks that are taking place between **Associated Dairies and Allied Retailers. London and Northern** has restored its interim dividend to the level seen between 1974 and 1976 on the back of a solid increase in profits. **Readicut** has also turned in a strong first half performance with profits 52 per cent higher and given the second half bias on the rug kit side the company looks to be heading for just under £10m for the full year. **CMT** has made up some of the ground lost in the first half but the market still seemed slightly disappointing with the outcome—profits 5¼ per cent lower. Thanks to the sharp jump in UK profits **Chubb** is 28 per cent ahead pre-tax at the half way stage.

Turnbull Scott deficit

TRADING PROFIT at Turnbull Scott Shipping, shipowners, more than doubled from £203,000 to £459,000 for the half year to the end of July, 1978, but higher depreciation and interest charges deepened the loss at the pre-tax level from £470,000 to £788,000. Turnover was up £0.89m at £4.17m.

In May the directors said that the outlook was gloomy and they could not yet see "the light at the end of the tunnel." They expected trading profits, even before depreciation, to remain small until freight rates improved, but, by exercising as much economy as possible, the company's ships could continue to trade, they said.

Loss per £1 share reached 41.3p (26.5p) and the net interim dividend is held at 4p. The final last time was also 4p when loss for the year was £1.17m.

Tax credit of £377,000 (£206,000) and extraordinary gains of £415,000 (£158,000) comprising £451,000 (£235,000) profit on disposal of surplus ships less other losses of £36,000 (£77,000), for the first half produced a £4,000 attributable profit, compared with a loss of £106,000.

For administrative convenience the current financial year is being extended to March 31, 1979, which will be the year end for the group in future.

On June 1, 1978, the group acquired the 54 per cent of Park Steamships it did not already own, for a nominal sum.

	Half-year 1978 £000	Half-year 1977 £000	Year 1977-78 £000
Turnover	4,173	3,279	6,926
Trading profit	459	203	587
Interest paid	707	*56	136
Depreciation	599	363	1,208
Share assocs. loss	31	164	327
Loss before tax	788	470	1,166
Tax credit	377	206	†524
Extraord. gains	415	158	†306
Attributable profit	4	‡106	‡849
Dividends	40	40	80
Leaving loss	36	146	1,029

* Received. † Debit. ‡ Loss.

Downturn for Hill Samuel

Profits of Hill Samuel Group for the six months to September 30, 1978, before taking account of exchange differences and extraordinary items, are slightly less than those of the corresponding period of last year.

The board has declared an interim dividend of 1.834p net per share against 1.675p.

For the year to March 31, 1978, there was a total dividend of 4.904p.

See Lex

Portsmouth Sunderland advances

FOR THE half-year to September 30, 1978, pre-tax profits of Portsmouth and Sunderland Newspapers jumped from £0.72m to £1.3m, on turnover up £1.18m to £6.98m.

After tax of £0.67m (£0.38m) stated earnings rose from 4.2p to 7.8p per 25p share. The interim dividend is 0.901923p (0.8884615p) net with an additional 0.0340393p for 1977-78 on ACT reduction—last year's final was 2.2466125p on record £1.93m taxable profits.

BARLOW RAND LIMITED

(Incorporated in the Republic of South Africa)

CONSOLIDATED PROFIT AND ORDINARY DIVIDEND

The audited consolidated results for the year ended 30 September 1978 are:

	1978 £000's	1977 £000's	% Increase
Turnover	946,961	726,365	30
Trading profits	111,887	89,889	24
Income from investments	11,581	9,230	28
Profits on sale of shares less amounts written off	1,368	181	
Profit before taxation	124,806	99,300	26
Taxation	46,540	36,372	28
Profit after taxation	78,266	62,928	24
Attributable to outside shareholders in subsidiaries	22,845	17,919	27
Consolidated net trading profit	55,421	45,009	
Less preference dividend	26	26	
	£55,395	£44,983	23
Dividends paid and declared:			
Preferred ordinary—18 cents per share on 5,394,529 shares	566	—	
Ordinary	18,042	15,477	
	£18,608	£15,477	
Dividend cover—preferred ordinary and ordinary shares	3.0	2.9	
Number of preferred ordinary and ordinary shares upon which earnings per share is based (000's)	107,253	101,929	
Earnings per share	51.7p	44.1p	17
Dividend per ordinary share	17.5p	15.2p	13
Accepted accounting practice requires earnings per share to be given after non-trading items. On this basis the earnings per share are	52.1p	45.9p	
The non-trading items are:			
Profits on disposal of properties and other items	+£3,077	+£1,787	
Goodwill arising from the purchase of subsidiaries for cash written off	−£2,569	−£ 16	
	+£ 508	+£1,771	

NOTE: The Rand has been converted to Sterling at 1R=£0.5831 and this rate of exchange has also been used for comparative figures.

A final ordinary dividend of 21.0 cents per share has been declared. This dividend with the interim ordinary dividend of 9.0 cents per share makes a total distribution of 30.0 cents for the year (1977: 26.0 cents). The final ordinary dividend is payable to shareholders registered at the close of business on 24 November, 1978, and a formal notice to this effect appears below.

The annual financial statements will be mailed to shareholders on or about 1 December, 1978.

C. S. BARLOW, Chairman. A. M. ROSHOLT. Vice-Chairman and Chief Executive.

8 November 1978

ORDINARY DIVIDEND NO. 98

NOTICE IS HEREBY GIVEN that an ordinary dividend of 21.0 cents per share has been declared payable to shareholders registered in the ordinary share register of the company at the close of business on 24 November 1978. This dividend, together with the ordinary dividend which was declared on 12 May 1978, makes a total distribution in respect of the financial year ended 30 September 1978 of 30.0 cents per ordinary share (1977: 26.0 cents).

The transfer books and registers of ordinary shareholders of the company in South Africa and the United Kingdom will be closed from 23 November 1978 to 1 December 1978, both days inclusive, for the purpose of determining shareholders to whom the dividend will be paid. Dividend Warrants will be posted on or about 19 January 1979 to shareholders at their registered addresses or in accordance with their written instructions received up to and including 24 November 1978.

This dividend is declared in the currency of the Republic of South Africa and the rate of exchange at which the dividend will be converted into United Kingdom currency for payment of dividends from the United Kingdom share transfer office will be the telegraphic transfer rate of exchange between South Africa and the United Kingdom ruling on the first business day after 5 January, 1979.

In terms of the South African Income Tax Act, 1962, as amended, a non-resident shareholders' tax has been imposed on dividends payable to:

(a) persons other than companies, not ordinarily resident nor carrying on business in the Republic of South Africa, and

(b) companies which are not South African companies.

The company will accordingly deduct the tax from dividends payable to ordinary shareholders whose addresses in the share register are outside the Republic of South Africa at the rate of 13.49775 per cent.

By Order of the Board.
W. C. WARRINER, Secretary.

8 November 1978.

Registered Office:
Barlow Park,
Katherine Street,
Sandton 2196,
Republic of South Africa.
(P.O. Box 782248
Sandton 2146
Republic of South Africa).

United Kingdom Registrars:
Lloyds Bank Limited,
Registrar's Department,
The Causeway,
Goring-by-Sea,
Worthing,
West Sussex BN12 6DA,
England.

Transfer Secretaries:
Rand Registrars Limited,
2nd Floor,
Devonshire House,
49 Jorissen Street,
Braamfontein,
2001 Republic of South Africa.
(P.O. Box 31719,
Braamfontein 2017,
Republic of South Africa).

هكذا من الأصل

Hartwells jumps 50%—record forecast

A JUMP of 50 per cent in taxable profit from £900,000 to £1.35m was achieved by Hartwells Group, distributors of vehicles, agricultural tractors and implements and bulk fuel oil, in the half year to August 31, 1978. External sales climbed by £13.81m to £52.01m.

All sectors of the group contributed to the increase in the first six months. Mr. F. S. Huggins, the chairman, states that although the Ford strike is affecting supplies at the present moment, the company's Leyland franchise and the oil company are doing more business and it is anticipated that the overall results for the year will be better than 1977-78 when profit was a record £2.11m.

Earnings per 25p share are shown at 19.4p (17.8p) before tax and 9.3p (8.3p) after tax on capital increased by the July rights issue. The net interim dividend is stepped up to 2.233p (1.4641p). Last year's final was 2.9282p.

Tax, with the deferred element treated in accordance with SSAP 15, was up from £468,000 to £702,000 leaving a net balance of £649,000 (£432,000).

	Half-year 1978 £000	Half-year 1977 £000	Year 1977-78 £000
External sales	52,012	38,202	54,642
Trading profit	1,562	1,062	2,443
Interest	211	152	320
Pre-tax profit	1,351	900	2,186
Tax	702	483	290
Extraord. credit	—	—	103
Dividends	135	432	1,010

Great Portland well ahead

FOR THE six months to September 30, 1978 pre-tax profits of Great Portland Estates advanced from £1.96m to £2.75m.

The interim dividend is effectively raised from 0.6667p to 1p net per 50p share and there is an additional payment of 0.0339p in respect of the reduction in ACT. This brings last year's total to an equivalent 2.9387p from profits of £4.1m.

Gross rental income for the first half improved from £3.02m to £4.31m. Tax for the period took £1.27m (£0.92m) leaving the available balance ahead from £1.05m to £1.51m.

Pre-tax profit is arrived at after charging £157,000 (£37,000) for exceptional repair arising from refurbishment of buildings. Last year there was a charge of £393,000 on remedial work in connection with latent defects.

Shepherd Neame expands real ale sales

Sales of traditional beer brewed by Shepherd Neame, independent Kent brewers, continued to rise during the year to the end of June, 1978, says Mr. Robert Neame, the chairman. Total beer sales rose by 9.6 per cent but the sale of the company's traditional cask beers were up 22.2 per cent.

The trend towards traditional beers and the growing popularity of the regional brewer means, in social terms, that the public is seeking outlets and products with individual character. This is demonstrated by the increased sales figures in those public houses the company has purchased in areas mainly serviced by the national brewers, Mr. Neame comments.

In 1977-78 the company spent £203,000 on buying houses from national brewers and another £86,000 on its own pubs. Added to this £268,000 was spent on improving plant and total capital expenditure amounted to £989,000.

In setting its future policy the Board has decided that the company will not diversify into other trading activities not directly concerned with its existing business. Also the basis of expansion should be on a strong tied trade basis and should be at a rate that can be financed by short or medium-term borrowings.

Due to the high cost of distribution the trading area is to be restricted to about 30 miles radius of the brewery, he adds.

Burndene sees recovery on caravan side

An improvement in demand in its caravan manufacturing subsidiaries, albeit only since September, has been sufficient, however, to suggest that the losses in this sector at Burndene Investments last year will be significantly reduced, says Mr. D. T. C. Caldow, the chairman, in his annual statement.

As known pre-tax profits for the year to May 27, 1978 for the group fell from £579,803 to £312,864 on turnover down £9.26m against £10.79m. The dividend was unchanged at 1p net per share.

He adds that a return to profit will depend on the level of demand and the price obtainable in the spring and summer of 1979.

Mr. Caldow says it is anticipated that the nylon garment manufacturing division will continue to operate profitably although at a slightly lower level than last year.

Improvement by Anglo Scottish Inv.

After tax of £338,550 compared with £325,147, net revenue of Anglo Scottish Investment Trust for the year to September 30, 1978, expanded from £503,726 to £599,094.

Income from investments totalled £1,391,135 (£1,171,733), interest on temporary loans and deposits £61,049 (£151,381) and underwriting commission £750 (£2,767).

Earnings per 25p share are shown to have risen from 1.592p to 1.833p and the net final dividend is 1.1p for a 1.8p (1.6p) total, costing £388,261 (£505,410).

After adding the premium on the surplus (1977 deficit) which would have arisen had the multi-currency been repaid, net asset value per share at September 30 was 66.7p (59.8p).

Freddie Mansfield

Mr. John Sainsbury, chairman of J. Sainsbury . . . the country's largest greengrocery has lifted produce trade by one-third in the first six months

Readicut up 52%—heading for peak

ALL DIVISIONS, except yarns, at Readicut International increased profits during the half year to September 30, 1978, to lift the group pre-tax surplus by 52.2 per cent from £2.45m to £3.73m. External sales were up 21.6 per cent at £39.92m.

Due to growth into new markets and the changing composition of the divisions the seasonal impact of the second half on the full-time figures is expected to be less than in the past. However the outlook for the company remains encouraging. Trading continues to be satisfactory and the directors are confident that profit for the year will show a satisfactory advance on the record £7.59m for 1977/78, says Mr. Paul Croset, the chairman.

	Half-year 1978 £000	Half-year 1977 £000	Year 1977-78 £000
External sales	39,924	32,918	76,360
Trading profit†	3,970	2,741	8,165
Interest	279	390	579
Pre-tax profit	3,791	[illegible]	7,586
Tax	1,999	1,250	3,866
Net profit	1,792	1,201	3,720
Extraord. credits	25	63	71
Attributable	1,817	1,264	3,791
Preference dividend	16	16	32
Ordinary dividend	405	343	1,220
Retained	1,396	905	2,339

†After depreciation of £932,000 (£732,000) and £1,517,000).

Plasticisers is operating profitably and should continue to do so, he adds. Group capital spending over the six months was up at £2.84m compared with the total for the whole of last year of £2.08m.

Tax for the half year took £1.94m (£1.23m) leaving a net balance of £1.79m (£1.2m) equivalent to earnings per 5p share of 2.3p (1.54p). The net interim dividend is raised from 0.47168p to 0.52671p. Last year's final was 1.11435p.

Comparative results have been restated to reflect change in the treatments of exchange rates differences. From April 1, 1978 depreciation has been provided on the cost of freehold buildings in the UK at the rate of 2 per cent per annum on a straight line basis. The additional charge for the half year was £55,000.

Mr. Croset states that Professor Roland Smith, who has practical experiences in the company's particular industry, has been appointed a non-executive director.

● comment

Readicut has often displayed great resilience while others in the carpet sector faltered in the past. Now it seems to be showing a clean pair of heels with profits 52 per cent up and margins almost two points better. The company's secret is a wide spread of products which this time have virtually all done well. Rug kits (now only about one third of sales) are traditionally quiet in the first half but machine activity has been at full capacity to keep up with demand. Ordinary carpets, in particular, have picked up ground after last year's depressing outcome. Plasticisers, the former loss-making subsidiary which makes cheap polypropylene fibres, continues to make progress, while the car carpet side further increased its market share. Troubles in the motor industry, however, now represent a threat to this low margin activity in the current trading period. Even a disaster here will not unduly upset the overall picture and with the strong traditional second half rug kit contribution in mind, analysts are expecting full year profits of at least £9½m. This would put the shares at 41½p on a fully taxed prospective p/e of 6.9 and a solid yield of 6.5 per cent.

Valuation boosts Samuel Props. net assets to 127p

BY JOHN BRENNAN, PROPERTY CORRESPONDENT

SAMUEL PROPERTIES is the first major quoted property company to adopt a system of annual portfolio valuations. And revaluation of its investment properties produces a £2.65m surplus, boosting net assets per share from 118p to 127p. As properties in its associate companies, development schemes, and its West German offices are still held in the books at cost, Mr. Sydney Cowan, the managing director, would be "disappointed" if unrecognised assets did not add at least another 23p to the net asset figure at today's values.

Even without a full revaluation, pre-tax profits up from 1977's £922,000 to £1.43m, and (thanks partially to a £334,300 tax write-back) attributable earnings near doubled at 5.73p a share, helped the shares up 2p to 89p yesterday.

Samuel also has good news for shareholders about its DM 101.53m (£27.5m) loan covering two office developments in Frankfurt, which is due to expire next July.

Recent lettings mean that the properties are expected to make an after-interest contribution to group profits next year, assuming that Samuel takes up options it now has to refinance the debt locally.

Even retained at cost the properties already provide full cover for the DM loan, and, given the renewed strength of the Frankfurt property investment market, a profitable sale instead of a loan refinancing cannot be ruled out. In the meantime, a post year-end medium-term refinancing of £6m of short-term debt further strengthens Samuel's traditionally low geared balance sheet.

In the revenue account, associate losses were cut from 1977's £272,000 to £194,000. Income from investment properties rose from £5.2m to £5.95m—£155,000 of that increase came from reversions. Rent reviews are expected to produce twice that increase next year.

	1977-78 £	1976-77 £
Gross income	8,038,434	8,363,912
Interest	1,870,293	2,443,313
Assoc. company losses	194,482	272,792
Pre-tax profit	1,433,347	921,756
Tax credit*	137,424	+5,434
Net profit	1,570,871	916,322
Transfer from capital surplus‡	20,461	††233,363
Minority profits	6,910	3,568
Extraordinary credits	363,387	21,352
To capital surplus**	766,771	544,294
Available	1,233,932	349,538
Retained profit	925,836	‡209,784

* Including prior year items. + Charge. ‡ In respect of development properties. †† To unrealised capital surplus. ** In respect of non distributable profits. ‡ Loss.

G. Whitehouse prospects look encouraging

Encouraging prospects for the current nine months period to March 31, 1979 are reported by Mr A. J. Cross, the chairman of George Whitehouse (Engineering) in his annual statement.

As already known, trading profits advanced from £179,238 to £222,205 for the year ended July 1, 1978, on turnover of £13.81m (£11.27m).

At the present time the opportunities for the expansion of each of the group's three subsidiaries by capital investment are substantial.

Plans are already advanced for the investment of significant sums in the group's two engineering subsidiaries and by the nature of the business, opportunities are presenting themselves with regularity for the expansion of its motor interests by the acquisition of further branches, the chairman states.

The directors are aware that all of the demands for new capital investment may not be able to be met within the group's existing capital structure and consideration is being given to ways in which the availability of funds to each of its subsidiaries may be improved so as to ensure that valuable investment opportunities are not missed in the future.

The chairman says the directors have nothing to add to their statement last month, when they announced they were having discussions with the Board of Centreway concerning a possible merger of certain interests.

The directors have decided to change the company's year-end, so as to be with Centreway, and accordingly the next group accounts will be prepared for nine months, with interim results being announced in respect of the three months to September 30, 1978.

Profit up at Cedar Trust

Income of the Cedar Investment Trust was steady at £1.69m against £1.62m, for the year ended September 30, 1978, and profit was higher at £928,073 compared with £856,821 after all charges including tax of £499,612 against £505,319.

Earnings per share are shown at 2.84p (2.63p) and the final dividend is 1.75p making 2.75p (2.5p). Net asset value per 25p share is 95p (89.8p).

Benlox back to profit

Benlox Holdings, builder and contractor, has returned to profit in the first-half year ended August 31, 1978 with a figure of £2,000 and the directors expect a profit to be made in the second-half.

In the first-half last year, a loss of £51,000 was reported and a £144,000 deficit was incurred at the 1977-78 year end.

There is an extraordinary credit of £48,000 in the first-half this year. The group, formerly Benfield and Loxley changed its name in February.

Chubb nears £7m midway

FOLLOWING A fall from a peak £14.11m to £13.52m in the last full year, taxable profits of Chubb and Son advanced from £5.4m to £6.95m for the six months to September 30, 1978, on turnover of £106.03m against £95.93m.

Comparative half-yearly figures include eight-and-a-half months for for Gross Cash Registers and nine months for L. and F. Willenhall. Based on these subsidiaries' results from April 1 to September 30, 1977, only, group sales rose by 14 per cent and profits by 23 per cent.

In the UK, both sales and profits were higher, at £48.82m (£42.37m) and £2.72m (£1.49m) respectively, with all three divisions contributing to the result.

Six months results of Chubb Electronics included reduced trading losses of £400,000 from Gross Cash, compared with £800,000 for eight-and-a-half months in 1977.

The directors say it would be unwise at the present time to make a forecast for the year-end, but if reasonably stable conditions are experienced the outcome to the year's trading should be satisfactory, they add.

On capital increased by the August rights issue, the interim dividend is lifted from 1.376p to 1.8631p net per 20p share costing £1.13m (£0.67m)—at the time of the issue, the directors said Treasury permission had been given to increase the current year's net total to 5.1925p (3.872p).

The provisions of SSAP 12 concerning depreciation have been applied this year. Directors point out that the effect of applying this to comparatives is immaterial to trading profits but reduces reserves at April 1, 1978, by some £100,000.

● comment

A sharp jump in UK profits is the driving force behind Chubb's half-time profits increase of 28 per cent. The gradual recovery at Gross Cash where losses are significantly reduced is a factor but the main reason behind the rise in UK profit margins is the higher level of activity in the fire security division. The effects of the firemen's strike on extinguisher sales carried through this year. Chubb took time to gear itself up to this higher demand which was evident in the fat order books at the beginning of the year. Elsewhere the performance is one of steady improvement and overseas most areas have turned in better figures though South Africa remains a dull spot. Currency movements continue to be against Chubb, in the first half they probably clipped £100,000 off profits, but aided by a continued improvement at Gross Cash and the interest saving following August's £14m rights issue the group could make £18m pre-tax this year. On that basis the shares stand on a p/e of 6.4 (on average capital) while the yield is 6.9 per cent, so at 134p they are well supported.

St. Piran brokers decide to consider their position

BY JAMES BARTHOLOMEW

Stockbrokers Joseph Sebag and Co are "considering their position" after the appointment of a new director to the board of Saint Piran, the controversial mining and construction group. Saint Piran did not consult Sebag about the appointment, announced on Tuesday, of Mr. William Allen to its Board and have not supplied any details about him.

Sebag, along with several groups of minority shareholders, has been pressing Saint Piran to appoint new directors of undoubted independence and high reputation. They wanted these directors to be appointed in consultation with the interested parties.

Mr. Robert Morrison, chairman of Planned Savings and the main spokesman for the minority shareholders, said yesterday that he too was considering taking action following the new appointment. The current Board had ignored the anxieties expressed by many shareholders. He thought it "extraordinary" that Saint Piran had not told its brokers about the new man before making the announcement.

Mr. Michael Payne-Jago, leader of another group of dissident shareholders said yesterday: "To my supporters, the appointment is completely unacceptable."

Nobody at Saint Piran was available for comment yesterday. The only information available about Mr. Allen was that he is a self-employed management consultant. He will be a non-executive director.

Opposition to the Board of Saint Piran has been building up in recent months. At the AGM last July, Mr. Morrison said the share price was depressed because of "suspicions about the company." He referred to the unexplained resignations of the finance director and the managing director, the large proportion of the company owned overseas and the censure of the City Take-over Panel over "regrettable lack of care" in a share deal.

He met one of the directors of Saint Piran who said he would communicate his request for independent, outside directors to the other two members of the Board.

ISSUE NEWS

Wm. Boulton £1.3m call

Hot on the heels of its recent buying spree, engineering group William Boulton is raising £1.32m from shareholders by a rights issue.

Boulton is issuing 3.96m ordinary 10p shares on the basis of one-for-four at 17p each. In the market the shares dropped by 2p to 19p. The issue is underwritten by County Bank and Gresham Trust.

In the past two months Boulton has purchased Graemross Plant and Equipment, Service Engineers and Whitfield Wylie at a total cost of about £1.5m.

The company's bankers provided the necessary finance, by way of increased term loan and overdraft, but the Board has decided the time is right to raise permanent capital.

In the last published accounts dated June, 1977, Boulton had net debt of £1.68m compared with tangible shareholders' funds of £5.57m.

Since then the company has reported sharply higher profits for the year ended last June. At the pre-tax level profits were £1.57m against £0.92m in the previous 12 months. Turnover was £2.2m higher at £20.2m.

It is the intention of the directors to pay a dividend increase of a tenth in the current year. This will mean 1.3409p per share equivalent to 2.0013p gross.

Convertible stock holders will also be entitled to ordinary shares under the rights issue on the basis that they had already converted their stock.

At present there is insufficient authorised capital to accommodate the rights and so an extraordinary general meeting is called for November 24 to consider a resolution increasing the capital by £1¼m to £5¼m.

Hawley-Goodall

Camping equipment manufacturer, Hawley-Goodall, is proposing to raise £365,000 by a rights issue of convertible stock. The company also reports interim figures showing that it has moved into the black and returns to the dividend list with an interim payment of 0.05p per share—the first payment since 1973.

The rights issue is of £355,555 12 per cent Convertible Unsecured Loan stock dated 1986-88 on the basis of £1 of stock for every 2 ordinary shares at par. The issue is underwritten.

The stock will be convertible into ordinary 5p shares at the rate of 30p of ordinary for every £1 of stock giving an effective conversion price of 16½p. Yesterday the shares drifted ½p lower in the market to 15p.

Half-year figures to July 1, 1978 show sales of £477,506 (£727,103) and pre-tax profits of £5,357 (loss £40,200). Again there is no tax charge. The comparative sales figure includes £159,000 in respect of retailing sports goods which was discontinued in 1977.

In the past 10 years Hawley has only produced a pre-tax profit three times. Last year there was a loss of £98,090.

The directors say that although the company has returned to profitability it would be premature to forecast results for the full year. Orders are, however, being maintained at a satisfactory level and the directors believe that the restructuring process is proving successful in providing a sound base for the future, although it will inevitably take some time for shareholders to reap the full benefit.

Proceeds of the issue will initially be used to reduce bank borrowings.

Under the terms on which the company acquired Streets Automatic Machine earlier this year the vendors will be entitled to participate in the issue as well as holders of the £150,000 convertible debenture stock.

The issue is conditional upon resolutions to increase the authorised capital at an egm on December 1.

CAPPER-NEILL

Capper-Neill, which is issuing £5.77m in new shares by way of a rights issue, is calling an EGM later this month to increase the company's authorised share capital from £3m to £4m.

ASTBURY—97.57%

Astbury and Madeley (Holdings) recent rights issue has been taken up as to 97.57 per cent.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
John Bright ...int.	0.95	Dec. 15	0.95	—	2.42
Chubb and Son ...int.	1.86†	Dec. 6	1.38	—	3.87
CMT	1.5†	Feb. 5	1.35	3	2.66
Great Portland Ests. int.	1	Feb. 1	0.67*	—	2.94§
Hartwells ...int.	2.23†	Jan. 31	1.46	—	4.39
Hawley-Goodall ...int.	0.5	Dec. 1	Nil	—	Nil
Hill Samuel ...int.	1.83	Jan. 2	1.68	—	4.9
Jenks and Cattell	0.75	Jan. 12	0.67*	1.3	1.18*
London and Northern int.	1.25	Jan. 29	0.8	—	2
Mountview Ests.	0.5	Mar. 26	0.45	—	1.32
Portsmth & Sundrlnd int.	0.9	Dec. 19	0.88	—	[illegible]
Readicut Intl. ...int.	0.53	Dec. 14	0.47	—	[illegible]
Safeguard Industrial	3	—	2.8	4	[illegible]
J. Sainsbury ...int.	2.27	Jan. 26	2.03	—	6.02
Samuel Props.	2.35	Jan. 4	2	2.35	2.1
Turnbull Scott ...int.	4	Dec. 8	4	—	8

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Additional 0.0604p for 1977-78. § Includes additional 0.0340505p for 1977-78. ¶ Includes additional 0.0339p for 1977-78.

Downturn at Jenks & Cattell

REFLECTING a continuation of the adverse trading conditions reported at midway, second half pre-tax profits of Jenks and Cattell slumped from £357,757 to £137,947 leaving the July 31, 1978, full year total lower at £252,947, compared with the previous year's record £440,757 surplus.

In May, the directors said that although first half profits were higher at £115,000 (£83,000), the company had suffered from adverse trading conditions, but anticipated that full year profits would be marginally higher than in 1976-77, on slightly lower sales.

In the event, group sales for the year fell £0.13m to £7.42m.

The directors report that the manufacture of pressings was down in volume and the lack of buoyancy in the fastener industry caused its washers division to make a substantial loss. The unusually bad weather in the spring and summer of this year created problems for the garden tool sales.

In addition strike and go-slow action taken unofficially during the run-up period to the company's Phase III wage negotiations proved to be very costly indeed, they state.

Sales of its hand tool division so far this year are more encouraging, but the present industrial unrest in the motor industry may make for a difficult winter, the directors add.

A final dividend of 0.75329p (equivalent 0.6672p) net, effectively lifts the total payment from 1.1622p to 1.29779p per 25p share.

Deferred tax charge took £131,300 (£330,728) and there was exceptional expenditure amounting to £12,774 (£7,676 income). Retained profits emerged down from £190,778 to £61,301.

London & Northern back to growth with £5.4m

A RETURN to the first-half profit level seen two years ago was achieved by London and Northern Group in the six months to June 30, 1978, with taxable earnings climbing from £3.61m last time to £5.4m. Turnover, excluding that of companies sold amounting previously to £21.02m, was marginally better at £72.19m, against £71.26m.

Currently the management accounts continue to indicate satisfactory performance, the directors state. At halftime the company's net borrowings were lower, reflecting the sale of the Murphy and the Henderson interests.

After tax of £2.47m (£1.83m) and minorities of £317,000 (£312,000) earnings per 25p were up 2p at 4.5p. The net interim dividend is raised to 1.25p (0.8p). Last year a final of 1.2p was paid from profit down from a peak level of £9.58m to £6.37m.

The group's interests include construction, housebuilding, engineering, contractors plant hire, scrap and concrete products.

	Half-year 1978 £000	1977 £000
Sales	72,184	92,774
Existing group	72,184	71,255
Companies sold	—	21,019
Pre-tax profit	5,399	3,605
Tax	2,474	1,830
Net profit	2,925	1,775
Minorities	317	312
Attributable	2,608	1,463
Preference dividends	33	33
Ordinary dividends	710	435

● comment

London and Northern has restored its interim dividend to the level held between 1974 and 1976, suggesting it will pay 5p gross for the year, the amount that it lowered last year to loud protests from institutional shareholders. The higher dividend is justified by an improvement in pre-tax profits which reflects a slightly lower interest charge as well as a better performance by the company's weaker divisions, especially the scrap side and the house-builder Bardolin, which is now said to be breaking even. In the Middle East Pauling's is still well-employed but there must be some doubts as to what will replace its current major projects when these are finished. Indebtedness has been cut by £3m through receipts from the Murphy and Henderson sales but total net borrowings outstanding, which were £21.1m in the end-1977 balance sheet, are still very high compared with shareholders' funds of £28m. Assuming pre-tax profits of £11m for the year and a full tax charge the prospective p/e, at 38p, is 4.5 and the yield is 13.6 per cent, which gives some indication of the market's lack of confidence in this company.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available, as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Allnatt London Properties, British-Borneo Petroleum, Continental and Industrial Trust, Flight Refuelling, William Leech (Builders), Northern Securities Trust, Porter and Chadburn, Sphere Investment Trust, Staveley Industries, and West Bromwich Spring.

Finals: Bellway, Common Brothers, Higsons Brewery, Manganese Bronze, Midhurst White, National Bank of Australasia, RCF Holdings, Speedwell Gear Case, Wood Hall Trust.

FUTURE DATES

Interims:

Associated Newspapers	Nov. 22
F.P.A. Construction	Nov. 17
Hambros	Nov. 21
Joseph (Leopold)	Nov. 10
May and Hassell	Dec. 11
Nichols (J. N.) (Vimto)	Nov. 14
Norwest Holst	Nov. 13
Rothschild Investment Trust	Nov. 13

Finals:

Blyvooruitzicht Gold	Dec. 11
Durban Roodepoort Deep	Dec. 11
East Rand Proprietary Mines	Dec. 11
Riley (E. J.)	Nov. 13
Selection Trust	Nov. 16

C.L.R.P. Invest. marginally up before high tax

Marginal growth in taxable profit from £511,540 to £525,134 was attained by C.L.R.P. Investment Trust for the year to the end of August 1978, on gross revenue lower at £817,076 against £829,434. Year end net asset value per 25p share was up 17.5p at 101.5p, deducting prior charges at par.

The net final dividend is held at 1.3p for a 2.1p (1.9p) total costing £294,000 (£266,000) and the board expects to pay an increased interim of 0.9p (0.8p) for the current year to reduce disparity.

The tax charge for the year at £199,103 (£163,205) was abnormally high mainly because of the liquidation of the Australian subsidiary but this feature is not likely to recur.

The net balance emerged down at £326,031 (£348,335) of which £2,689 (£49,461) was transferred to capital reserve.

Investments at valuation including investment currency premium of £1.16m (£0.47m) or 8.3p (3.3p) amounted to £18.95m (£14.69m).

John Bright upturn at six months

Including temporary employment subsidy up from £135,400 to £152,145, taxable profit of John Bright Group, yarn and fabrics manufacturer, more than doubled for the half year to September 30, 1978, to £235,762, compared with £101,476 last time. Sales were £1.63m higher at £10.32m.

The net interim dividend is maintained at 0.95p per 25p share. Last year's final of 1.47p was paid from profit down from a record £1.25m to £0.51m.

Midterm surplus also included interest relief of £80,000 this time less interest on the medium term loan of £51,194 (£21,001). Tax took £122,596 (£52,750) leaving a net profit of £113,166 (£48,726).

Profit down at Lombard Australia

Profits before tax of Lombard Australia, finance and hire purchase offshoot of National Westminster Bank, amounted to £1.19m in the year ended September 30, 1978, compared with £1.96m in 1976-77.

Gross revenue was up from £30.65m to £33.04m and net operating income was £20.76m (£20.35m).

After tax, £350,000 (£599,000) and minorities, £59,000 (£98,000), attributable profits were well down at £782,000 compared with £1.25m previously. No ordinary dividend is being recommended.

Scottish National exceeds £2.25m

Pre-tax revenue of Scottish National Trust Company grew from £2,022,322 to £2,252,307 for the year to September 30, 1978, on gross revenue up at £3.2m, against £2.87m.

Year-end net asset value per 25p share was 215.8p (194.7p) including investment currency premium of 26.7p (15.1p). A net final dividend of 2.5p lifts the total to 3.9p (3.45p).

Tax took £816,074 (£749,901) leaving a net surplus of £1,436,133 (£1,272,421) and £2,537,047 (£2,396,760) was carried forward.

CMT recovers lost ground

DESPITE NOT being able to improve on last year's record £3.94m pre-tax, the directors of Central Manufacturing and Trading Group feel the £3.73m achieved in the year ended July 31, 1978 is satisfactory in view of the unhelpful economic circumstances.

External turnover was £60.09m against £56.32m and the new year has started encouragingly with sales running higher than for the same period last year.

Net earnings per share are shown at 18.4p against 19.2p and as forecast a final dividend of 1.5p makes a total of 3p on capital increased by the recent rights issue. The previous total was 2.663381p.

The industrial services division includes a loss of £54,000 for a Scottish activity which has now been terminated, the directors say.

The demand for industrial rubber products slackened noticeably during the year in line with the UK rubber industry.

Sales of safety products and protective clothing continued to be strong with the current order intake remaining high.

The metal processing division did well to remain profitable in the first half and with scrap prices improving since then, made a satisfactory recovery under the circumstances in the second half of the year.

The steel stockholding division faced the fourth year of the acute recession in the steel industry by responding with results just below last year's. The improvement indicated at the half year was maintained to the year end.

The group's trading level is primarily dependent on the amount of industrial activity taking place in the UK. Unfortunately it is felt that the country is pointing to limited expansion in real terms in the next year or two, the board states.

	Year 1977-78	1976-77
External turnover	60,094,666	56,317,000
Trading profit	4,371,730	4,403,792
Financing charges	668,082	456,868
Associates profit	26,254	—
Profit before tax	3,729,902	3,944,925
Tax	261,882	315,000
Net profit	3,467,026	3,629,233
Extraordinary credits	173,288	23,000
Available	3,640,314	3,652,233
Ordinary dividends	679,781	502,901
Retained	2,960,533	3,149,332

● comment

CMT started 1977/78 confidently expecting an improvement on the previous year's pre-tax profit. But, the confidence faded at the half-way mark in the face of a 10 per cent downturn. However, during the second half it managed to peg back some of the lost ground and its final figure is only 5.5 per cent below last year. The share price slipped 2½p to 57½p on the news giving a p/e (on a low tax charge) of only 3 and a yield of 7.8 per cent. The dividend is slightly more than six times covered. A rights issue raised £1½m in May and this, together with the £3m in retained earnings, has further strengthened the balance sheet. In 1976/77 borrowings totalled £7m against shareholders' funds of more htan £20m. On this basis the shares are looking cheap but on the trading front there are still one or two uncertainties. The market after all is wary of scrap metal and steel stockholders. CMT has operations in both sectors. On the scrap side profits are starting to recover from a very low base but margins continue to be squeezed in the steel stockholding division. But the longer term outlook for both sectors appears to be reasonably bright.

At least £0.96m seen by Mountview

Mr. W. D. I. Sinclair, chairman of Mountview Estates reports that profits are running at a level which compares favourably with the previous year and therefore results for the current year should be at least as good as those for 1977-78, when pre-tax profits totalled £0.96m.

The interim dividend is lifted from 0.45p to 0.5p. Last year's final was 0.8735p.

Credit Data's expansion plans

Having achieved a record turnover, Credit Data, formerly British Debt Services, is now planning to develop and expand its services to the credit industry, says Mr. Paul Brooks, the chairman, in his annual statement.

With pre-tax profits up from £123,249 to £208,934 for the year to June 30, 1978, and turnover up from £2,653,987 to £3,161,691, he also anticipates substantial growth for the company's Credit Reference Index which contains over 10m items of credit information.

Its commercial and consumer debt collecting divisions are now handling over £1m of debt every month and has over 1,000 outside collectors.

"This trend confirms the success of all our policies and justifies the increased confidence now being placed in our company by all our clients," Mr. Brooks adds.

Meeting, Manchester, December 1, 4.30 pm.

Safeguard Industrial improves

RE-INVESTED FUNDS boosted taxable earnings at Safeguard Industrial Investments in the second half for the company to finish the year to September 30, 1978, with full-time taxable revenue at a record £679,032, compared with £634,604.

At halftime, when the surplus was £287,544 (£288,902), the directors said that a number of listed and unlisted investments had been realised during the period resulting in a slight reduction in income and it was expected that re-investment would produce additional income in the second six months.

Stated earnings per 25p share for the year were up from 3.79p to 4.16p and a net final of 3p steps up the total to 4p (3.6p). Net assets per share at year end were up 12.6p at 106.3p.

The tax charge was £221,407 (£217,641) leaving net revenue of £457,625 (£416,963) from which £17,625 (£20,963) was retained.

London & Prov. Shop profits ahead 18%

Gross rental income of London and Provincial Shop Centres (Holdings) rose from £1.06m to £1.08m in the year ended June 24, 1978, and pre-tax profits were up 18 per cent to £517,000, derived wholly from rental income.

Rental income last year included £54,000 from a property sold. The directors say annual rental income will rise by £845,000 to £2m progressively over the next nine years from rent reviews, based on current rental values.

These figures do not include the substantial contribution to rental income which will come from the letting of properties now under construction.

Earnings per 10p share are shown at 2.71p against 1.91p and the final dividend is 0.492896p making a maximum permitted total of 0.823996p against 0.73791p previously.

Outgoings attributable to development, before tax, of £430,000 (£477,000), have been met by transfer from capital reserve.

Investment properties have been professionally revalued at June 24, 1978, by Healey and Baker and show an increase over book value of £4.9m. Investment properties are shown at £22.3m (£16.7m), redevelopment properties, £2.8m (£1.7m) and gross assets, £23.8m (£19.5m).

Net assets are £15.8m (£10.9m) equivalent to 146p (101p) per share, an increase of 44 per cent.

Increase at Drayton Consolidated

For the year ended September 30, 1978, net revenue of Drayton Consolidated Trust rose to £1.83m from £1.66m after all charges incl. tax of £1.19m against £1.2m.

The final dividend is 3.2p making 5.2p (4.7p). Net asset value per 25p share is 213½p (194p).

SAB

THE SOUTH AFRICAN BREWERIES LIMITED

(Incorporated in the Republic of South Africa)

INTERIM REPORT

for the six months ended 30th September, 1978

FINANCIAL RESULTS

Consolidated income statements

The unaudited results of The South African Breweries Limited and its consolidated subsidiaries for the six months ended 30th September, 1978, compared with the six months ended 30th September, 1977, and the year ended 31st March, 1978, are as follows:

	Six months to 30.9.78 R000	Six months to 30.9.77 R000	77/78 % Change	Year to 31.3.78 R000
Turnover	743,673	652,618	14.0	1,427,980
Operating income before interest and taxation	45,834	42,040	9.0	115,836
Net interest paid	9,655	8,669		19,105
Operating income before taxation	36,179	33,371		96,731
Taxation	15,022	14,433		37,450
Profit after taxation	21,157	18,938	11.7	59,281
Dividend income	2,604	3,043		5,261
	23,761	21,981		64,542
Additional replacement depreciation	1,290	1,308		2,617
Attributable to outside shareholders	4,151	3,020		8,160
Preference dividends	2,051	2,342		4,545
Attributable to ordinary shareholders	16,269	15,311	6.3	49,220
Extraordinary items	263	(336)		118
Ordinary dividends	6,672	6,620		24,275
Retained earnings	9,860	8,355		25,063

	Six months to 30.9.78 Cents	Six months to 30.9.77 Cents		Year to 31.3.78 Cents
Earnings per ordinary share after additional replacement depreciation	7.36	8.98		22.37
Dividend per ordinary share	3.00	3.00		11.00
Effective number of shares upon which calculation is based (000's)	220,975	219,357		220,038
Dividend per cumulative preference share:				
6.2%	6.2	6.2		12.4
7.0% convertible redeemable	3.5	3.5		7.0
5.6% redeemable	2.8	2.8		5.6
8% redeemable	4.0	4.0		8.0
7.0%	3.5	3.5		7.0

Consolidated balance sheets

	30.9.78 Rm	30.9.77 Rm	31.3.78 Rm
Capital			
Ordinary and reserves	377	345	364
Preference	59	71	60
Outside shareholders	88	79	83
	524	495	507
Interest bearing debt	267	265	246
Total capital employed	791	760	753
Assets			
Fixed	530	509	527
Current	465	438	417
	995	947	944
Interest free liabilities	204	187	191
Net assets	791	760	753
Financial ratios			
Interest bearing debt to capital	.51/1	.54/1	.48/1
Current assets to current liabilities	1.72/1	1.76/1	1.68/1

Accounting conventions

The comparative figures have been adjusted to reflect the effect of accounting for the Rhodesian interests on a cash income basis and bringing to account additional replacement depreciation in the liquor interests of the Group.

Capital

During the period under review the ordinary capital and reserves of the Company increased by R2.8 million as a result of the conversion of R0.8 million of 7% convertible redeemable preference shares into ordinary shares and a call on the unpaid balance of R1.8 million on the partly paid ordinary shares in issue.

Interest bearing debt

The first drawing of R12.5 million under the R50 million 11.2% unsecured debenture issue took place in September 1978. The balance will be drawn in equal instalments in January, May and September 1979.

Fixed assets

Fixed assets in the Holding Company, its wholly-owned subsidiaries and in the liquor interests of the Group were revalued during the previous financial year. A review of the value of the fixed assets in the remaining interests of the Group will be completed by 31st March, 1979

At 30th September, 1978, outstanding capital commitments amounted to R17 million (1977—R23 million) whilst a further R43 million (1977—R34 million) had been authorised by the directors but not committed.

COMMENT

Earnings

During the period under review operating income before interest and taxation increased by 9% but failed to keep pace with the 14% increase in turnover. This was mainly because higher levels of marketing expenditure were incurred by the Liquor divisions. These divisions achieved growth in turnover substantially in line with the estimated growth of the industry and their profits after taxation approximated those for the first six months of the previous year, despite the higher level of marketing expenditure referred to. The increase in attributable earnings was therefore brought about by satisfactory profit improvements in the remaining interests of the Group.

New developments in the liquor industry

The Liquor Act has been administered in a manner which has allowed major producers/wholesalers a *limited but equal capability* of investing in the retail liquor trade. It was recently announced that a major liquor producer/wholesaler had acquired a stake in another wholesaler with widespread retail interest. In terms of the Liquor Act, a transaction of this nature requires Ministerial approval. This was granted, and the effect is to change the competitive balance to the Group's disadvantage.

We will make urgent representations to the Minister to achieve parity in terms of our retail involvement based on the fundamental principle of equal treatment by Government for all competitors in the private sector.

Future prospects

It is expected that the upturn in overall economic activity will be sluggish. Competition in the liquor industry will intensify and this is likely to result in some erosion of liquor profit margins and further increases in marketing expenditures. However, the diversified interests should continue to show improvements. Against this background it is anticipated that there is a reasonable prospect that attributable profits in the remaining six months of the financial year will at least match those of the comparable period of the previous year.

2 Jan Smuts Avenue,
Johannesburg, 2001.
8th November, 1978.

For and on behalf of the Board.
F. J. C. Cronje (Chairman).
R. J. Goss (Managing).

DECLARATION OF INTERIM DIVIDENDS

NOTICE IS HEREBY GIVEN THAT on 8th November 1978 the Directors declared the following interim dividends on account of the year ending 31st March, 1979, payable on or about 29th December, 1978 to shareholders registered on 24th November, 1978:

Ordinary shares

An interim dividend of 3.0 cents per share (last year's interim dividend 3.0 cents per share).

Preference shares

Interim dividends calculated in respect of the six months ended 30th September, 1978:

Class	Nominal Value per share	Dividend per share
6.2% Cumulative	R2.00	6.2 cents
7.0% Convertible Redeemable Cumulative	R1.00	3.5 cents
8.0% Redeemable Cumulative	R1.00	4.0 cents
7.0% Cumulative	R1.00	3.5 cents

The foregoing dividends are declared in the currency of the Republic of South Africa. Warrants in payment will be posted on or about 29th December 1978, to members at their registered addresses or in accordance with their written instructions and will be despatched from the office of the Transfer Secretaries in Johannesburg to all payees except those to whom payment will be made from the office of the London Secretaries of the Company (Barnato Brothers Limited, 99, Bishopsgate, London EC2M 3XE).

Any instructions which will necessitate an alteration in the office from which payment is to be made must be received on or before 24th November, 1978.

Payments from the office of the London Secretaries of the Company will be made in United Kingdom currency calculated by reference to the rate of exchange ruling on 13th December, 1978 or at a rate not materially different therefrom.

South African Non-Resident Shareholders' Tax at the rate of 14.26% and United Kingdom Tax will be deducted from the dividends where applicable.

The Transfer Books and Registers of Members in respect of the shares which are the subject of this notice will be closed from 25th November to 3rd December, 1978, both dates inclusive.

2 Jan Smuts Avenue,
Johannesburg, 2001.
8th November, 1978.

By Order of the Board.
B. C. Waigel.
Group Secretary.

BIDS AND DEALS

Imasco raises stake in Hardee's to 38%

British American Tobacco Company (49 per cent held), has agreed to purchase 681,818 shares in Hardee's Food System Inc. of North Carolina at $U.S.22 a share, raising its holding of Hardee's voting stock to 37.9 per cent from 28.8 per cent.

Hardee's is a major hamburger chain which turned in profits of $6.4m on sales of $214.4m in the year to October 31, 1977. In 1975-1976, profits were $4.22m on sales of $188.05m.

Completion of the transaction is expected in late December, after Hardee's shareholders meet to approve the share issue on December 15.

Hardee's said that funds from the sale would be primarily used for the acquisition of restaurant sites and the construction of new restaurtnts.

CADOGAN OAKLEY PAYS £1.5M

Cadogan Oakley, the newly formed subsidiary of Cadogan Estates, has acquired the capital of **Michelsons** for £1.5m.

Michelsons is one of the largest specialist tie manufacturers in Europe with a turnover in 1977 of £4m. The company exports about 30 per cent of its produce.

The move is Cadogan Oakley's first major acquisition in the menswear field. It intends to extend into other areas both within and outside the menswear field.

ICFC has a stake in Michelsons which it will retain by virtue of a £1m term loan it has offered Cadagoan Oakley.

FITZROY INV. PURCHASE

For a maximum consideration of £178,000 **Fitzroy Investment** has acquired a 50 per cent interest in two private companys, Peter Downing (Worksop) and Peter Downing (warehousing), which are engaged in road haulage and warehousing respectively.

Combined net tangible assets of the two companys were £398,000, and pre-tax profits for the three months ended September 30, 1978 came to some £30,000.

Fitzroy believes that these two investments will enhance its existing interests in haulage and property, and sees this as an important step in the rebuilding of the company's trading and financial base.

Associated Biscuit buys Bond St. chocolate maker

PURSUING ITS recent policy of acquiring top European chocolate makers and confectioners, **Associated Biscuit Manufacturers** has just paid £1m for the Bond Street company **Bendicks** (Mayfair), world famous for its "Bendicks Bitter Mints." The vendors were the **Wood Hall Trust**.

Yesterday, Dr. Keith Bright, chief executive of ABM, said that the group had a policy of increasing its turnover at the top end of the confectionery market without entering the volume market.

Bendicks is the third such acquisition this year. In January ABM paid £1.6m for an 80 per cent stake in the exclusive French confectioners Establissements de Loisy et Gelet, and in March it bought the West German specialist confectioner Dragees aus Weseke for £¾m.

Dr. Bright explained that margins for high-class confectionery were good and there were added industrial advantages in linking the new products to ABM's existing specialist ranges and to its worldwide distribution system.

No immediate changes are planned for Bendicks which has a modern factory in Winchester supplying its four central London shops but it was possible that its range could be extended by including some of the West German and French products. These could possibly be supplied under Bendicks' own label.

PREEDY/MIDLAND

Mr. Gordon Wilcox, chairman of the **Midland Educational Company**, continues to refuse to forecast profits for the current year.

In his letter accompanying the agreed offer documents from Alfred **Preedy** and Sons, he said that Christmas sales are crucial to the seasonal nature of the business.

Preedy is being advised by ICFC Corporate Finance, which together with the Midland directors, says that the 244.2p a share offer is fair and reasonable.

COSTAIN

Another record year is promised by **Richard Costain**, the construction group in its reorgansation document.

According to Mr. J. P. Sowden, the chairman, the group's international operations remain the predominant source of profits, although, despite highly competitive conditions in generally depressed markets, the UK contracting companies "have continued to make a significant contribution."

Outstanding orders amounted to some £700m, some 75 per cent of which is attributable to international operations.

Richard Costain is forming a new holding company, Costain Group, a move which will win it two years of dividend freedom.

McALPINE UPS STAKE IN ABERTHAW BRISTOL CEMENT

Colguy Holdings, a member of the Sir Robert McAlpine group, has raised its holding in **Aberthaw and Bristol Channel Portland Cement Co.** to 15.01 per cent from 11.3 per cent.

It now holds 583,436 shares against 442,436 when disclosures was last made. Associated Portland Cement (Blue Circle), with a 26 per cent stake, is the other major shareholder ni Aberthaw.

An Aberthaw spokesman said Colguy maintained its holding was a trade investment and there had been no bid approach.

DEVELOPMENT CAPITAL BACKS GLASS ENGRAVER

Leslie Creasey (Old England), which engraves and sells high quality decorative and table glassware, has obtained £80,000 in equity and loan capital from Development Capital.

Creasey was formed some four years ago. The business has expanded into high quality volume engravings in a variety of designs using sand-blasting techniques. A new process developed and patented by Creasey will also enable precious metals and coloured enamels to be laid in the etchings. The company will shortly be opening a London shop in South Audley Street.

Sales of Creasey in 1977, were £110,000. As part of the financial package, Development Capital, which obtains its finance from the Co-operative Insurance Society, Electra Investment Trust, National Coal Board Pension Fund, and Commercial Union Assurance has acquired 25 per cent of the equity.

EDBRO PURCHASE

Edbro (Holdings) has entered into a contract to acquire at valuation a factory and the vehicle recovery equipment business presently carried on by TFL Cranes at Sandy (Beds.).

The total consideration to be paid by Edbro is around £249,000 of which £200,000 is to be satisfied by the allotment of 95,061 ordinary shares. The balance of the consideration will be settled in cash.

Share stakes

Winterbottom Trust: Equity and Law Life Assurance Society has purchased a further 100,000 ordinary shares increasing its holding to 1,465,000 Ordinary shares (20.5 per cent).

Francis Industries: Mr. W. R. C. Halpin, a director, has sold 20,000 ordinary shares reducing his holding to 80,000 shares.

International Timber Corporation: Montague L. Meyer is now interested in 2,533,888 ordinary shares (14.2 per cent).

Hambros Investment Trust: Standard Life Assurance Company has acquired a further 25,000 ordinary shares thereby increasing its interest to 1,334,300 ordinary shares (5 per cent).

Hambros Investment Trust has been informed by Hambros Limited that one of its subsidaries has purchased 100,000 ordinary shares. As a result of the purchase, Hambros Limited and subsidiaries are beneficially interested in 2,845,250 ordinary shares (10.66 per cent).

A and C Black (Publishers): Park Place Investments now holds 110,000 (11.4 per cent) shares.

Butterfield-Harvey: Britannic Association Company has acquired 30,000 ordinary shares and now holds 1,055,000 ordinary shares (7.5 per cent).

Greenfriar Investment Company: Witan Investment Company now holds 1,442,000 ordinary shares (26 per cent).

International Timber Corporation—Montague L. Meyer has bought 250,000 shares and interest is now 2,808,888 shares (15.7 per cent).

Lookers—Mr. R. E. Tongue, director, has disposed of 24,000 shares. Mrs. E. Tongue, wife of a director, has recently acquired 17,500 shares and disposed of 7,000 shares. With the disposal of these shares, Mr. Tongue is now interested non-beneficially in 90,221 shares which with beneficial interest of 269,700 shares gives him a total interest of 359,921 shares.

Noble and Lund: Charles Clifford Industries with associates own 810,000 shares (14.2 per cent).

Royal Worcester: Rothschild Investment Trust has bought a further 166,500 shares making a total holding 1,496,000 shares (about 24.9 per cent). RIT now holds £145,500 9 per cent convertible unsecured loan stock.

Molins—A family trust of which Mr. D. W. Mollins, director, is a trustee, together with Mr. H. Seys-Phillips and Mr. D. O. Bates, has sold 106,706 shares.

Roberts Adlard and Company—Eagle Star Insurance Company has bought 26,000 shares making total interest 675,300 shares (28 per cent). Shares are held by Grovewood Securities, a wholly owned subsidiary.

Thermal Syndicate—Britannic Assurance Company bought 5,000 shares on November 1 and is now beneficially interested in 425,000 shares (8 per cent).

M. Y. Dart—Mr. S. Marks, director, has acquired 30,000 shares. Mr. G. H. Wales, director, has acquired 20,000 shares.

McLeod Russel and Company—Assam Trading (Holdings) has recently bought further 15,000 shares making total holding 1,504,035 shares (37.35 per cent).

Armitage Shanks Group—Ceramics Holdings SA of Panama has acquired a further 350,000 ordinary shares, which increases its holding to 9.01 per cent.

RESULTS AND ACCOUNTS IN BRIEF

SHIP MORTGAGE FINANCE COMPANY—Profit [illegible] for six months to September [illegible] 1978, [illegible].

YOUNG COMPANIES INVESTMENT TRUST—[illegible] for six months to September [illegible] 1978, pre-tax [illegible] asset value per share at November [illegible] directors hope to [illegible] increase in total [illegible] for the year.

CITY AND INTERNATIONAL TRUST—Results for year to August 31, 1978, [illegible] Investments [illegible] Chairman says present revenue estimates are at higher level than last year and further dividend increase expected for current year. Meeting, 5 Waterloo Place, SW, December 5 at noon.

RAINE ENGINEERING INDUSTRIES—Results for year ended June 30, 1978, reported October 15. Fixed assets £3.37m [illegible], net current assets £[illegible] [illegible]. Bank borrowings decreased £62,000 (£1.25m increase). Following Hyde [illegible], pre-tax profit £282,000 adjusted to £71,000 after depreciation £161,000, cost of sales £473,000 and after gearing factor £125,000. Keepsend held at October 19 29.51 per cent of issued capital. Meeting, Sheffield, November 28, at noon.

● NEWS ANALYSIS—ASDA EXPANSION

Allied Retailers merger could be next step

BY ANDREW TAYLOR

Associated Dairies is clearly determined to make its mark in the world of furniture and carpet retailing. Two months ago it acquired the Wades Departmental furniture business for £5.6m and yesterday Asda revealed it is having merger talks with **Allied Retailers**—the carpets and furniture group run by Mr. Harold Plotnek.

If the talks succeed—yesterday some City analysts were estimating that Allied could command a price tag of around £85m—it will mark a major shift in emphasis for Asda which has based its success on its chain of food-dominated super stores operating largely in the North.

It is thought that around 25 per cent of Asda's pre-tax profits (£26.2m last year) may be generated by non-food sales. The acquisition of both Wades and Allied could lift this non-food share to around 40 per cent of profits.

Asda has been seeking for some time to find a home for its mounting cash reserves—cash and short-term deposits at the end of April this year stood at £24m, but the group has previously shunned the cyclical retail market of home furnishings.

Over the past few years disposable income and inflation moved in opposite directions, leaving the consumer short of cash for new furniture and carpets.

Government figures show that volume sales of furniture fell by more than 18 per cent in the five years to April 1978. This year, furniture sales have been rising on the back of a recovery in consumer spending and volume sales of furniture in the UK are thought to have risen by around 7 per cent in the first eight months of 1978.

Allied's success, however, has been based on its chain of carpet stores which are operated almost entirely in the Midlands and the London area. Its furniture retail interests are represented through its Williams shops acquired at the beginning of 1973.

Allied has coped better than most with the slump in demand for home furnishings. In the year to April 1, 1978, group pre-tax profits rose by 32 per cent to a record £4.9m — thanks to a particularly strong final quarter.

Analysts estimate that the carpets side generated between £3.5m and £3.75m profits while the Williams furniture business may have produced around £950,000 profit, not much more than the £710,000 it earned in 1972-73.

The carpet side, however, has not escaped the vagaries of a cyclical market and after earning then-record profits of £1.35m in 1972-73, profits from carpets slumped to £790,000 the following year.

Opponents of Asda's decision to move into home furnishings stress this cyclical nature of carpet and furniture sales. They say that Asda has a consistent sales and profits record from its traditional food-dominated business. To move further away from food would only upset the quality of the group's earnings.

However, the High-street grocery price war sparked off by Tesco's checkout campaign last year has upset this traditional image, and Asda's margins, like other food retailers, have come under pressure, particularly in the second half of last year.

Also there has been a general move by food retailers into non-food products — which command higher margins — at a time when spending in food has been stagnating.

It is unlikely that Asda would attempt to sell Allied carpets and furniture in its super-stores where general household goods are sold alongside food items. It is more likely that the two companies, where there are several similarities in retailing techniques, will operate as separate businesses, perhaps controlled by a new master company.

Allied, like Asda, prefers to sell from large superstores often in out-of-town sites. Single superstore developments however are often opposed by local authority planners.

Largely as a result of local authority opposition to isolated superstore developments, Asda has concentrated on developing new-style district shopping complexes, which have proved acceptable to the planners. These district centres comprise a superstore as a nucleus with satellite smaller shops, leisure centres, car-parking facilities and other social amenties.

Clearly the acquisition of Allied will enable Asda to offer local planners a better package and it no doubt envisages that Allied carpet and furniture outlets will trade alongside its new superstores. It was this logic that prompted the group's recent acquisition of Wades.

Allied operates a total of 39 carpet stores and 76 Williams furniture outlets. In addition the group has since 1975 been developing its Ukay retailing outlets—like the 100,000 sq ft development at Avonmouth. These superstores sell a wide range of furnishings and again are based on out-of-town sites.

This type of approach mirror's Asda's own efforts in the field of food retailing.

The extra financial muscle which Asda would give Allied would enable the group to expand in other areas with Asda itself now launched on a programme to spread its superstores into the South.

A key figure in Allied's development has been its chairman, Mr. Harold Plotnek who controls a 19 per cent stake in the group. He began his business career, helping his father run a drapery store in a Birmingham market. Following a short stay with jewellery manufacture at the end of the war, he moved into carpet retailing, again selling from a stall in Birmingham.

MINING NEWS

Amax expects profits growth to continue into 1979

BY PAUL CHEESERIGHT

AMAX, the diversified U.S. minerals group, will have record earnings and turnover in the fourth quarter of this year, Mr. Pierre Gousseland, the chairman, said in London yesterday.

"This is a confirmation of the upward trend of the quarters before," he noted as he predicted that the group was passing the $2bn (£1.01bn) mark in annual turnover. Last year turnover was $1.33bn.

Over the first three quarters of the year, Amax had total net earnings of $99.2m (£50.2m), made up of $16.2m in the three months to March when profits were pulled down by the U.S. coal miners' strike, $38.7m in the three months to June and $44.3m in the three months to September.

The growth in 1978 will continue into next year, Mr. Gousseland added.

This pattern of increasing earnings, widely publicised by the group and spiced last month with the first rise in the quarterly dividends since 1974, is clearly a major point in the Amax defence against any further takeover bid from Standard Oil of California.

In September the Amax board unanimously rejected a Socal bid, and it has been widely assumed since then that a revised offer would be forthcoming. Mr. Gousseland said, however, that he had heard nothing.

The strength of the Amax earnings pattern follows from the diversification of its sources of revenue, which have protected it from the worst of the recession, and the modernity of its plant and equipment.

But there has also been some help from the markets. "I am optimistic on the short term pricing situation for copper," said Mr. Gousseland, although he confessed that the base metals were not yet providing the profitability "we would like to see."

Molybdenum, on which the group's fortunes have traditionally been based, is expected to make a larger contribution to earnings as the Henderson mine builds up production against the background of a strong market.

The group's coal production is increasing but the benefits of this, in terms of net profits, will be more visible next year than in 1978. Iron ore revenues will be higher this year than in 1977 despite lower deliveries but consequent upon price adjustments.

But there will still be losses from nickel operations, although less than half those suffered in 1977 when there was a pre-tax deficit of $29.8m. This improvement owes something to the partial solution of technical difficulties at the Selebi-Pikwe nickel-copper venture in Botswana, where the group is in a joint venture with Anglo American Corporation.

Mr. Gousseland said that Selebi-Pikwe had been making operating profits for six months and that costs were running below budget. However, the venture is burdened by a very heavy load of debt. Last month, Mr. Gousseland added, it had been possible to service bank loans and repay part of the advances from the stockholders.

GREENVALE DEBT

AUSTRALIA'S **Metals Exploration** announces that the West German, U.S., Japanese and Australian lenders to the loss-making Greenvale nickel-cobalt project in north Queensland which is jointly owned by Metals Exploration and America's Freeport Minerals, have agreed to the third restructuring of the project's debt repayments.

The deal provides that all cash generated in excess of that required to maintain working capital at a safe level and to meet continuing capital needs will be distributed as follows:

The first A$100m (£58.1m) will go exclusively to the lenders. The second A$100m will be divided between Metals Ex. and Freeport on a 90-10 basis; the third A$100m will be divided 85-15 between the two partners; the fourth A$100m, 75-25; and the fifth A$100m and thereafter until the debt is repaid will be shared on a 65-35 basis.

The agreement on debt service provides that Metals Ex. and Freeport must pay a minimum 5 per cent of the scheduled debt service for 1979 and 1980; 20 per cent for 1981-83; 25 per cent for 1984-86; and 30 per cent for 1987-1993 or to the end of the ore-body, whichever comes first. Any shortfall between actual payment and scheduled payments will be deferred and rescheduled in 1988-1993.

Tin production in October

SOME GOOD performances are reported in the October tin concentrate production figures of the Far Eastern mines in the **Malaysia Mining Corporation** group. Of those to raise output in the past month, Ayer Hitam has been helped by the resumption of its No. 2 dredge on October 7 and the total production for the first four months of the current financial year amounts to 654 tonnes against 505 tonnes a year ago.

Malayan, whose No. 7 dredge was back in operation after repairs on October 10, has raised its four-month output to 1,107 tonnes against 876 tonnes, while Southern Malayan has produced 776 tonnes in the same period against 731 tonnes.

Sungei Besi reports an exceptionally good output for October which lifts the seven-month total to 1,247 tonnes against 1,101 tonnes. Tronoh's 10-month output of 2,022 tonnes goes against 1,822 tonnes.

On the other side of the coin the major producer, **Berjuntai**, has done less well in the past month and its six-month total is 2,243 tonnes against 3,492 tonnes; of more importance is the Selangor State Government's recent decision to charge the company a royalty on part of its production and to seek an indirect interest in the company, moves which are of concern to the industry in general.

	Oct. tonnes	Sept. tonnes	Aug. tonnes
Aokam	129	120	97
Ayer Hitam	201	126	176
Berjuntai	317	374	412
Kamunting	39	31	29
Kramat	32	27	30
Kuala Kampar	22	23	18
Lower Perak	30	28	27
Malayan	288	341	308
Sthn. Kinta Cons.	145	150	125
Southern Malayan	210	198	193
Sungei Besi	221	174	203
Tongkah Harbour	38	43	[illegible]
Tronoh Mines	210	191	187

STEADY OUTPUT AT GOPENG

Tin concentrate output at **Gopeng Consolidated**, the Malaysian producer, reached its highest monthly level for two years during October, the latest statistics from the company reveal.

At 165.5 tonnes, the monthly output was in line with the production trend established since August, and compares with 127 tonnee in October 1977. Last month was the first of the current financial year.

Gopeng's output, and that of other mines in the group, are shown in the accompanying table:

	Oct. tonnes	Sept. tonnes	Aug. tonnes
Gopeng	165½	162	157½
Tanjong	12	6½	16½
Idris	18	18½	18
Pengkalen	8½	7½	10

THE LONG-TERM CREDIT BANK OF JAPAN FINANCE N.V.

U.S.$75,000,000 Floating Rate Notes 1978-1985

For the six months
9th November 1978 to 9th May 1979
the Notes will carry an
interest rate of 12 1/16% per annum
with a coupon amount of U.S.$60.65

Bankers Trust Company, London
Agent Bank

TOKYO TRUST S.A.

INTERIM DIVIDEND

An Interim Dividend of US$0.30 per share will be payable on 15th November 1978 to holders on the Register on 16th October and to holders of the Bearer Shares against presentation of coupon No. 10 at the Paying Agents:

Singer & Friedlander Ltd., 20 Cannon Street, London EC4M 6XE.

or.

Kredietbank S.A. Luxembourgeoise, 37 Rue Notre Dame, Luxembourg.

By order of the Board—
TOKYO TRUST S.A.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

NORTH AMERICAN NEWS

Hefty third quarter loss for New York Times

BY STEWART FLEMING

THE New York Times, which came back on the streets on Monday after an 11-week newspaper strike in the city, today gave its first clear indication of the potential cost of the labour dispute.

The company, which apart from the New York Times publishes several local newspapers as well as specialist magazines, disclosed that in its third quarter ended on September 30 it lost $2.2m. This compares with a profit of $5.8m in the third quarter of 1977.

For the third quarter, the company's revenues fell to $90.8m from the $124.3m reported in 1977.

The company made no comment on the outlook for the fourth quarter, but share analysts point out that the strike did not end until November 6, and that unlike the summer, the autumn is a period when advertising revenue builds up. Therefore the strike is likely to have a significant impact on fourth quarter results, too.

The company blames the strike at the New York Times, its main property, for the third quarter setback. It points out, for example, that its affiliated groups earned record third quarter pre-tax income of $8.8m, and income from equity interests in its three Canadian newsprint associates was $1.9m, a 22 per cent gain over the third quarter of 1977.

For the first nine months of 1978, the company reported revenues of $376.1m against $368.5m in 1977, and net income of $13.1m or $1.11 a share against $18.1m or $1.58 a share in the same period of 1977.

The extent of the setback will surprise some analysts, who had been predicting a small loss for the company.

Hitherto, net profit had been recovering significantly from the $12.8m earned in 1975. Last year, net profit topped $26m on sales revenues of $511m.

Polaroid agrees to drop EPA suit

CAMBRIDGE, Nov. 8.

POLAROID HAS agreed to drop a suit against the Environmental Protection Agency asking for a court review of provisions for controlling the security of corporate secret information which the company was required to submit by law.

Polaroid said its position was that the security provisions were inadequate.

It said that the EPA had now changed the regulations regarding the security of information filed with it, thus enabling Polaroid to drop the suit.

Under the original provisions, the EPA could have turned over data to third parties without prior advice to Polaroid. Under the revised regulations, Polaroid said that it was guaranteed advance notice of EPA intentions to turn over such information.

Reuter

Coal gasification plant postponed

BY JOHN WYLES

NEW YORK, Nov. 8.

DIFFICULTIES IN securing Government approvals are stalling the development of a $1bn coal gasification plant which would be the first fully commercial venture in the U.S. in this new technology.

American Natural Resources Company, one of the five companies in the consortium which is seeking the project, announced that the start of construction work on the new plant, which was due to start in the spring at Beulah, North Dakota, would now be postponed. Although initially supported by the Department of Energy the project's financing plans have run into opposition from the Department's Federal Energy Regulatory Commission and a number of individual states. A spokesman for American Natural Resources said today that a financing agreement was ready to be signed with a number of banks, but this could not go ahead without regulatory approval for the proposed tariffs on the gas produced at the plant.

It is understood that Government agencies are objecting principally to guarantees being sought by lenders that if the project failed to be completed then they would be repaid through increased charges to the retail customers of the five sponsoring companies—American Natural, Peoples Gas, Transco Companies, Columbia Gas System and Tenneco.

This unusual provision reflects the difficulties the consortium has had in raising cash for the project. They claim that they can only afford to put up 25 per cent of the cash themselves and have failed to obtain Federal loan guarantees. American Natural said to-day there was no question of the project being shelved but postponement was inevitable because Government approvals could not now be obtained by the target date of January 1. It was still hoped to start construction late next year or early in 1980.

The coal gasification process involves obtaining clean burning methane, the main ingredient of natural gas, from coal.

Credit Foncier

Credit Foncier Franco-Canadien, mortgage company controlled by Credit Lyonnais, earned C$7.5m or $8.68 a share in nine months against C$6.9m or $7.99, reports our Montreal Correspondent. Assets were C$1.25bn against C$1.09bn at September 30.

Washington Post

Washington Post directors have voted a two-for-one stock split and expect to declare a 36 cent annual dividend on the split shares beginning in 1979, equivalent to 72 cents a share annually against 60 cents at present reports Reuter.

$50m offer by Addressograph

BY OUR FINANCIAL STAFF

THE office machines and business equipment company Addressograph-Multigraph Corporation has offered to acquire Microdata Corporation, which manufactures minicomputer business systems and peripheral equipment.

The offer, on a one-for-one share exchange basis, values Microdata at around $50m. For the fiscal year ended August 31, Microdata earned $4.8m or $1.81 a share from sales of $64.0m.

Addressograph-Multigraph earned $21.3m or $2.54 a share from sales of $666.6m in the year to July 31.

● Amoco Petroleum Canada, a subsidiary of Standard Oil of Indiana, has sold a 12½ per cent stake in its deep oil recovery project at Gregoire Lake in the Athabasca oil sands region of Sun Oil Company, itself a subsidiary of Sun Company. The price of the deal was not disclosed.

Production in the area is expected to reach 1,000 barrels a day next year, when the pilot recovery phase is under way.

Amoco Canada has retained a 25 per cent interest in the project. Other participants are Pacific Petroleum, with 12½ per cent, and the Alberta Oil Sands Technical and Research Authority with 50 per cent.

Goodyear spending

Goodyear Tire and Rubber Company's capital outlays will be about $410m this year, and the company expects to spend a similar amount in 1979, the chairman, Mr. Charles J. Pilliod Jnr. said here, reports Reuter from Chicago. Capital expenditures for the past five years had totalled about $1.4bn. Mr. Pilliod added, with the closing of old plants and construction and start-up expenses at new installations. "The corporate benefits have not been reflected in our profits performance. And I do not expect this to happen short of the next 12 months.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published the second Monday of each month. Closing prices on November 8

U.S. DOLLAR STRAIGHTS

	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

YEN STRAIGHTS

	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 5½ 88	[illegible]					
Australia 5.6 90	[illegible]					
EFCO 6.4 90	[illegible]					
Eurofima 6.3 88	[illegible]					
Finland 6.6 83	[illegible]					
Norway 5.7 83	[illegible]					
Oslo, City of 6.8 90	[illegible]					
SNCF 6.4 90	[illegible]					
Sweden 6.3 90	[illegible]					

OTHER STRAIGHTS

	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

FLOATING RATE NOTES

	Spread	Bid	Offer	C.date	C.cpn	C.yld
[illegible]						

CONVERTIBLE BONDS

	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]						

DEUTSCHE MARK STRAIGHTS

	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

SWISS FRANC STRAIGHTS

	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. M=Minimum coupon. C.date=Date next coupon becomes effective. Spread=Margin above six-month offered rate for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

U.S. QUARTERLIES

BLUE BELL

Fourth Quarter	1978 $	1977 $
Revenue	244.8m	248.4m
Net profits	13.6m	18.8m
Net per share	1.09	1.50
Year		
Revenue	872.3m	873.7m
Net profits	53.6m	70.7m
Net per share	4.28	5.64

CENTEX

Second quarter	1978 $	1977 $
Revenue	214.4m	157.7m
Net profits	7.91m	7.85m
Net per share	0.64	0.54
Six months		
Revenue	—	—
Net profits	15.93m	15.22m
Net per share	1.19	1.05

COMB. INSCE. AMER.

Third quarter	1978 $	1977 $
Revenue	—	—
Net profits	20.35m	17.91m
Net per share	0.76	0.68
Nine months		
Revenue	—	—
Net profits	55.79m	50.56m
Net per share	2.09	1.91

HANDY & HARMAN

Third quarter	1978 $	1977 $
Revenue	123.73m	94.62m
Net profits	3.05m	2.39m
Net per share	0.90	0.71
Nine months		
Revenue	343.3m	278.8m
Net profits	9.59m	8.31m
Net per share	2.83	2.46

LINCOLN NATIONAL

Third quarter	1978 $	1977 $
Revenue	551.8m	480.3m
Net profits	40.85m	29.69m
Net per share	1.71	1.25
Nine months		
Revenue	1.63bn	1.41bn
Net profits	114.28m	94.03m
Net per share	4.79	3.95

PEOPLE'S GAS

Year	1978 $	1977 $
Year		
Revenue	1.88bn	1.64bn
Net profits	130.5m	115.7m
Net per share	4.98	4.67

PIONEER CORP.

Third quarter	1978 $	1977 $
Revenue	151m	129m
Net profits	8.54m	8.83m
Net per share	0.92	0.95
Nine months		
Revenue	428m	377m
Net profits	29.32m	30.35m
Net per share	3.16	3.26

RAYMOND INTERNATIONAL

Third quarter	1978 $	1977 $
Revenue	160.2m	122.8m
Net profits	4.3m	6.6m
Net per share	0.91	1.20
Nine months		
Revenue	401.3m	268.5m
Net profits	12.8m	16.2m
Net per share	2.60	3.05

TELEPROMPTER

Third quarter	1978 $	1977 $
Revenue	38.0m	31.2m
Net profits	3.4m	2.3m
Net per share	0.20	0.14

TIDEWATER

Second quarter	1978 $	1977 $
Revenue	55.0m	45.3m
Net profits	7.59m	6.09m
Net per share	0.70	0.57
Six months		
Revenue	106.1m	86.9m
Net profits	14.63m	11.87m
Net per share	1.36	1.11

BRITISH GAS SEEKS NEW YORK FUNDS

A new recruit to a select group

BY JOHN EVANS

AS THE next step in Britain's plans to cultivate New York as an important source of dollar finance, a large UK state borrowing is scheduled in the $75bn U.S. commercial paper market.

The British Gas Council should be the first UK state agency to enter this market for short-term promissory notes. It is believed to be negotiating a standby facility—to back its commercial paper issues—of up to $250m in the medium-term syndicated Euromarkets.

British Gas should thus join a relatively small number of British borrowers, headed by ICI and British Petroleum, which have tapped the commercial paper market in recent years.

Britain made its first post-war excursion into the U.S. financial markets this spring, when it successfully launched $350m of seven and 15-year of UK Treasury bonds. These bonds received a triple-A rating in New York, ranking them among the most secure bonds in the U.S. market.

It was clear at the time that this Yankee bond flotation was likely to be a forerunner for other U.K. borrowing operations in the U.S.

(£3.400).

The UK is evidently attracted by the availability of low-cost funds in New York. Short-term commercial paper offers among the cheapest methods of dollar financing available both within the U.S. and in the Eurocurrency markets.

For British Gas, commercial paper also offers it an opportunity to establish a presence as a borrower in the U.S. The state organisation will have to establish a rating with one of the major U.S. rating agencies, but accepts that this at the same time will help familiarise its name among the institutional investing community in the U.S.

Foreign issues of U.S. commercial paper—recently estimated at $3.5bn outstanding—have been given fresh impetus by this year's sharp depreciation of the dollar. This has attracted corporate treasurers in Europe's "hard currency" countries.

In spite of the steep rise in U.S. interest rates in recent weeks, short term commercial paper continues to offer a cheap method of dollar financing for non-U.S. borrowers. The planned move by British Gas Corporation represents a further step by major UK borrowers into the American borrowing arena

As well as obtaining a sovereign guarantee for its commercial paper, British Gas will no doubt want to take out insurance under the Treasury's exchange cover guarantee system, now that the U.S. has introduced measures aimed at defending the dollar.

The steep rise in U.S. interest rates in recent weeks has not damaged the traditional favourable edge enjoyed by commercial paper over other equivalent forms of bank-related financing.

Dealer-placed commercial paper over 60 to 90 days maturity now costs between 9.625 and 9.75 per cent versus the current U.S. banking prime rate of 10.75 per cent.

This interest differential has been the major factor responsible for the fast growth in commercial paper.

It now represents serious competition for the American commercial banks as a source of short-term funds for U.S. organisations.

At the other end of the spectrum, a dollar rollover credit in the medium-term Euromarkets, based on the current Eurodollar interbank rates, would cost a borrower like Britain up to 12 per cent (although the rollover technique does allow the borrower to share the benefits of any subsequent downturn in interest rates.

The Euromarket standby facility now being negotiated by British Gas reflects the usual practice in commercial paper (although not a statutory requirement) of arranging secure alternative long-term forms of funding.

Commercial paper issues have a maximum maturity of 270 days, although usual market practice is to arrange 30-day paper and then replenish upon maturity.

The largest single foreign borrower in commercial paper is France's state Electricite de France. With well over $1bn outstanding, it is currently arranging a further $600m Euromarket standby which will back he equivalent amount of paper.

These standbys are useful if, say, especially tight U.S. credit conditions made it advantageous to retire commercial paper and revert to Euromarket financing.

(At times of rising interest rates, the commercial paper market could exceed the prime rate. Additionally, during the last period of stress in the market, when Franklin National Bank was declared insolvent in 1974, the rate spreads between the highest quality and medium-quality paper rose to a peak of around 170 basis points, before gradually flattening out during 1975.)

EDF in fact has never activated its standbys for commercial paper. But it still ensures that it obtains very fine terms from the banks in the Euromarkets.

EDF's latest $600m standby is for 10 years and carries a margin over interbank rates of ½ per cent throughout. The commitment fee, payable if the facility is drawn, is ⅜ per cent

British Gas similarly plans at 10-year maturity at ½ per cent; its commitment fee may be on a three tier basis—¼, ⅜ and ½ per cent.

Beyond the British Government's own strategic plans for financing public sector debt in the U.S., the prominent dealer firms in New York will be watching to see if the interest of British corporate treasurers in this market is awakened by British Gas's anticipated foray.

Consolidated Gold Fields, via a U.S. subsidiary, has gained useful access to the commercial paper market, although it is nowhere as large, or as well-known among American investors, as ICI and BP.

At the last count, Gold Fields American Corporation had issued only $10m of paper, but had replenished its 30-day paper at 8.90 per cent—on par with some triple-A U.S. corporate names.

Record profit at TRINTOC

By David Renwick

PORT OF SPAIN, Nov. 8.

TRINIDAD and Tobago Oil (TRINTOC), established in mid-1974 on the basis of assets acquired by the government from Shell Trinidad, made another record profit in 1977.

According to the company's accounts, presented to the Trinidad and Tobago parliament by Mr. Errol Mahabir, Minister of Petroleum and Mines, TRINTOC earned a pre-tax profit of TT $195.2m (US$81m) compared with TT $161.8m the previous year. The after-tax profit was TT $43.8m, against TT $28.7m in 1976.

TRINTOC's sales in 1977, despite sluggish external demand for oil products in North America, totalled TT $604.9m

EUROBONDS

Dollar issues higher in active trading

BY FRANCIS GHILES

PRICES OF dollar-denominated bonds were marked up sharply yesterday morning but fell back later in the day in what dealers described as active but technical trading.

Many prices ended the day a full point above Monday night's close. Investors, however, are showing no interest either in buying or selling bonds at the moment until the level at which the dollar settles becomes clearer.

The movement in prices of particular issues reflected the positions of dealers rather than any genuine buying or selling pressure.

The dollar finished the day weaker against most currencies but interest rates fell. The six-month dollar rate dropped by ⅞ of a point to close at 11⅞ per cent last night. The $60m floater for Bank Leumi was priced at par with its conditions otherwise unchanged.

The Deutsche Mark sector was weaker yesterday as selling orders, emanating particularly from London, pushed most prices down by an average of ¼ to ½ a point. Fear of rising interest rates in Germany was a major factor behind the foreign orders to sell Deutsch Mark bonds.

The DM 50m convertible for Nippon Yusen was priced at par with conditions otherwise unchanged by the lead manager, Westdeutsche Landesbank. The issue will be convertible into the company's Tokyo listed shares from January 15 next year at a conversion price of Y251 a share.

Austria will float a SwFr 100m 15-year bond later this month through a group of banks led by Credit Suisse. Indicated terms are expected later this week.

Venezuela has signed an agreement to float its third Yen-denominated bond in Tokyo: the amount of the issue is Y25bn for 10 years. The coupon is 6.8 per cent and the issue has been priced at 99¼ to yield 6.88 per cent.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

French steel to reshape management

BY DAVID CURRY PARIS, Nov. 8.

THE NEW men who are to take over the direction of France's crisis-hit steel industry are likely to be appointed in the next few days. The leading steel company, Usinor, holds its general assembly of shareholders tomorrow as does the much smaller Chiers-Neuves-Maisons, while the second largest company in the industry, Sacilor, follows with its meeting in a week.

It is widely accepted that at least five Usinor directors will resign including the chairman M. Hue de la Colombe. His replacement is likely to be the chairman of Chiers, M. Claude Etchegaray, and it is possible that an eventual merger between Usinor and Chiers will be announced at the same time.

This has been in the air for some time. The two concerns have a particular problem to solve since they both have plans to build a new steelworks in Lorraine and the market is sufficient to sustain only one of them. M. Etchegaray, who has the confidence of the Government, would be well placed to make the inevitably difficult decision. He may become deputy chairman for an interim period before assuming full control of a merged group.

Sacilor is expected to nominate as chairman M. Jacques Mayoux, who for the 12 years to 1975 was director-general of Credit Agricole, the farmers' bank, which ranks in the world's top three in terms of deposits.

M. Mayoux has had a high-ranking and diverse career both in the civil service and in the banking sector, and his nomination would answer the Government's desire to see people with financial competence take over the reins of the loss-making steel empires.

The Government has legislated the reorganisation of the steel industry, but the new men will take over responsibility for the old companies while arrangements are being made to bring into being the new structures.

Essentially, a new holding company is being established over each of the three steel groups. These holding companies will be controlled by the creditors—Government, state-owned banks and private lenders. The shareholding is being acquired by converting part of the money owed to them into capital. The repayment of the rest is being, in practice, suspended for five years.

There will also be created a second level of holding company for each of the groups in which the existing shareholders will have a minority participation and in which the new holding companies will have control.

Beneath them will be the steel operating companies, meaning that the steel companies will be brought firmly within the state's orbit if not, technically, under state control. M. Etchegaray and M. Mayoux will presumably be transposed into the new judicial structures when they are finally set up.

The situation of the companies is dismal. Over the first 10 months of the year steel output was 19.2m tonnes, up only 2 per cent on the previous year, while in October output was 6.4 per cent down on the previous year. Usinor and Sacilor have, between them, amassed losses of almost FFr 9bn (U.S.$1.05bn) in the past three years and the industry's long and medium-term debt at the start of 1978 was FFr 38bn against a 1977 turnover of FFr 34bn. The industry as a whole has lost about FFr 14bn in three years and 1978 is certain to be another year of heavy losses.

Norwegian insurer facing bankruptcy

By Fay Gjester

OSLO, Nov. 8.

A SCHEME to rescue a small Norwegian insurance company currently facing bankruptcy was rejected at a meeting here last night attended by representatives of 35 Norwegian non-life companies. A majority of the delegates decided that a rescue operation would be too expensive, in view of the massive losses involved.

The company in difficulties, Dovre, has reportedly accumulated losses of about NKr50m ($10m) as a result of a series of ill-fated deals, particularly in reinsurance and loan guarantees. Among other things, it lost at least NKr5m in connection with the recent near-collapse of Norinvest, a finance company backed by many Norwegian banks and insurance companies.

Reports in the Oslo Press are suggested that an unidentified foreign insurance company has made some kind of a salvage offer to Dovre shareholders through a Norwegian lawyer.

Norinvest was saved from bankruptcy when most of the country's banks and insurance companies jointly put up the funds needed to permit a controlled wind-up. To sustain the good name of the insurance sector, a similar solution was proposed for Dovre. This time the prospective contributors—members of the Norwegian Insurance Companies' Association—appear unwilling to pay the necessary price.

Instead, it has been suggested that the Association members may be prepared to jointly guarantee to meet—up to the end of this year—any claims on Dovre's insurance policies which Dovre itself cannot cover. This would give policyholders time to take out new policies with more solvent companies.

Upturn in West Germany metal industry

COLOGNE, Nov. 8.

THE PERFORMANCE of the West German metal industry improved in the four months up to October, after production capacity in the first half of 1978 had shown a decline of 2 per cent against the opening six months of 1977, the Metal Industry Employers' Association reports.

In a report, the association pointed out that incoming orders rose by 1 per cent in the three months to the end of August from the previous three month period. Exports in the first eight months of this year were down by 1 per cent, while imports rose by 8 per cent. No actual figures were released.

Algerian bank to raise $125m

BY FRANCIS GHILES

THE BANQUE Nationale D'Algerie has arranged a $125m loan with a group of essentially French banks led by Banque Nationale de Paris. Terms include a maturity of seven years with three years grace and split spread of 1 per cent for the first three years rising to 1¼ per cent. There is no front end fee.

These terms which are the finest obtained by an Algerian borrower in the current cycle bring the cost of borrowing for Algeria closer to that enjoyed in recent months by neighbouring Morocco and Tunisia.

A number of factors explain these fine terms: this loan has been arranged on a "club" deal basis and the funds will be used by the Algerian state mechanical construction company, Sonacome to import spare parts from Renault, the French state owned car company.

This contract would lead to the awarding to Renault by Sonacome of a major contract to built a car plant in Oran, in Western Algeria. No decision has yet been taken by the Algerian authorities but in the past year or so, political relations between France and Algeria had deteriorated to such an extent as to appear to threaten Renault's chances of ever winning the contract.

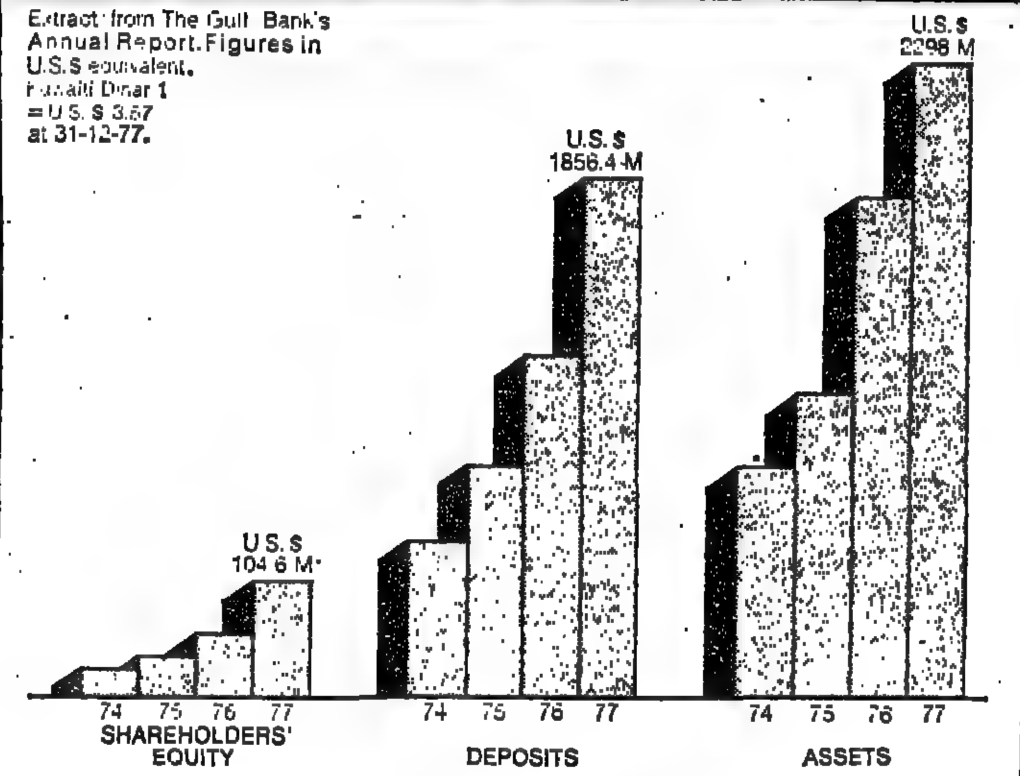
The agent bank for this $125m loan is the Union Mediterraneene de Banque, 50 per cent of whose capital is owned by two Algerian banks, Banque Nationale d' Algerie (35 per cent) and Credit Populaire d'Algerie (15 per cent).

The $667m package for the Algerian state oil and gas company, Sonatrach, announced a few months ago is nearing completion. This package, the proceeds of which are earmarked for the development of Bechtel Canada of a gas field in Algeria is being led by Toronto Dominion Bank.

The first tranche, of $275m will be provided by Canada's Export Development Council: it will carry a maturity of 14 years and a fixed interest rate of 14½ per cent.

The second tranche, of $142m, will be provided by the commercial banks and guaranteed by EDC: it will carry a seven year maturity with four and a half years grace and a net margin for the banks of ¾ per cent for the first four years rising to ⅞ per cent. The gross spread however is 1⅞ per cent throughout.

The third tranche, which is now in the open market amounts to $250m and carries a spread of 1⅞ per cent throughout with four years grace.



Kymi-Kymmene sees little improvement this year

BY LANCE KEYWORTH HELSINKI, Nov. 8.

KYMI-KYMMENE expects little improvement in its 1978 results as increases in production and exports in the first eight months of the year have not been sufficient to cover the capital costs of three successive deficit years and investments in new production machinery.

With the new Kuusanniemi pulp mill working at full capacity, pulp production rose 26 per cent to 176,000 tonnes in the eight months compared with the same period in 1977. The price level for pulp is still considered unsatisfactory while with paper and board the situation is better and production will probably exceed 500,000 tonnes this year. Capacity utilisation rose by the end of August to 90 per cent.

The metal and engineering division has had a poor year owing to lack of orders with total invoicing down by 14 per cent between January and August.

However, the group's foreign subsidiaries have done well. Star Paper in the UK increased sales by 8 per cent and th ecompany has decided to invest in a fourth astralux unit, raising its cast coated capacity to 32,000 tonnes a year. Kymmene-Star UK a marketing subsidiary, was established earlier in the year.

Dutch bank loan priced above par

BY OUR FINANCIAL STAFF

THE NEW-FOUND buoyancy of the Dutch capital market continues with the latest new issue, a 15-year bond from Nederlandsche Middenstandsbank (NMB) carrying a coupon of 8¾ per cent, priced above par at 100.5.

The offering comes in the wake of the success of the Dutch state loan which raised Fl 600m ($293m) and moved immediately to a substantial premium over its striking price of 100.8. Dealers in Amsterdam have suggested that applications for the government loan had topped Fl 1bn.

In Paris, four new issues are scheduled for the bond market next week. The French post office is expected to ask for FFr 850m in 15-year bonds carrying a coupon of 10.20 per cent. Banque Francaise de l'Agriculture is to raise FFr 100m. These 15-year bonds will carry a coupon of 10.6 per cent to yield at issue date 10.66 per cent gross.

Codetel, a telecommunications concern, is to float an issue of FFr 390m in 15-year bonds bearing interest at 10.40 per cent and offering a gross yield of 10.45 per cent. The fourth issue is understood to be for the City of Marseille, but no details were immediately available.

DUTCH SHIPBUILDING

An expensive facelift

BY ANDREW FISHER, RECENTLY IN THE NETHERLANDS

UNDER THE watchful eye of the Dutch Government, Holland's crisis-ridden shipbuilding industry is being given a costly facelift, a process which will radically change both the character and appearance of the companies taking part. "We have reached the end of the stage where we can keep on sustaining losses," says Mr. Allerd Stikker, management Board president of Rijn-Schelde-Verolme (RSV), the country's largest shipbuilder. "There's an end to any financial sacrifice a company can make."

Swayed by the industry's arguments and guided by Holland's well-developed social instincts, the Government is paying out sizeable sums to help put the yards back on the road to prosperity. It is taking much of the strain of the heavy losses that companies like RSV continue to incur, while also helping to finance the considerable restructuring programme needed to fit the industry for the 1980s.

Individually, RSV is the chief beneficiary of the government's aid efforts, which total some Fl 1bn ($500m) in direct support. It is also the only company in which the State is taking a direct stake—43 per cent—as opposed to the load-sharing arrangements worked out with such groups as IHC and Vmf-Stork. IHC is the country's largest maker of dredging equipment and has suffered from the secondary effects of the general shipbuilding malaise, as competition for available business has spilled over into its own market. At Stork, Holland's biggest engineering concern, the diesel division has also fallen victim to the industry's problems.

Once the facelift is complete, all three of these companies will have drastically trimmed their involvement with the Dutch shipbuilding sector. In addition, they are tending to look away from the Netherlands and Europe in developing their future corporate strategies towards the oil-rich or less-developed countries, where the emphasis is more on big projects which provide a continuity of activity. "Of course, we shall not forget our European home markets," says Mr. Stikker of RSV, "but they will be less spectacular."

How heavily has the crisis dented the industry's earnings? RSV is now experiencing its third year in the red, after losing a net Fl 34m in 1976 (excluding a Fl 30m provision for reorganisation costs) and Fl 50m in 1977. In the first 32 weeks of the current year, it plunged even more heavily into deficit, Fl 48m comparing with Fl 28m, and Dutch analysts reckon the final figure for 1978 will be around Fl 75m.

Yet Mr. Stikker believes that RSV is now crawling back to profitability, though he is unwilling to forecast when it will actually arrive. Even with its reduced capacity in the maritime sector, it is still losing money here, and profits from other industrial activities and from naval construction are not enough to offset this drain. "It is," he comments, "a very deep valley."

> Aided by the Dutch Government, Holland's struggling shipbuilding companies are doing their best to reshape themselves in readiness for better times. Once the process is complete, their involvement with the sector will have been drastically trimmed and the remaining yards extensively modernised. In addition, they are tending to set their sights beyond the traditional home and European markets to the oil-rich and developing countries. State funds are helping companies like RSV, Vmf-Stork and IHC to bear their shipbuilding losses; it still remains uncertain when the move back into profit will occur.

But he asserts that RSV's strategy should, in a few years, lead to a much improved product mix, something which he says was being aimed at even before the fierce impact of the shipbuilding crisis. In 1979, the number of man-hours worked directly in its maritime divisions should be less than half the envisaged group total. At present, it is just over half, a proportion which has been gradually reduced from the two-thirds obtaining in 1974.

The company is achieving this transformation by pruning its shipbuilding capacity down to one large yard and one small one. The number of jobs at RSV was reduced last year by around 2,000 in Holland to 23,600, with a further 2,000 planned for this year and 1,000 more in 1979. Its major yard, Verolme Dock and Shipbuilding Company (VDSM), is to concentrate on large shipbuilding and offshore projects, while Rotterdam Dock Company (RDM) will no longer build complete ships, but supply sections to VDSM.

Last year, the government bolstered RSV's balance sheet by granting it a Fl 150m subordinated loan. Further reinforcement, including Fl 80m as the cost at par of its 43 per cent stake, amounts to some Fl 435m in investment grants, special interest-free support and more subordinated loans. Some of the money will have to be paid back, depending on the eventual level of future profits.

Also high on the government's list for financial assistance is Vmf-Stork, where the ailing diesel division has been hived off from the main company and been given a Fl 115m capital injection; another Fl 120m is being provided to help the company revamp some of its other sectors, notably petrochemical components. Stork Werkspoor Diesel is now jointly owned by Stork itself and the government, a move reflected in the very slight improvement in the group's first half results this year.

Like RSV, Vmf-Stork feels it has turned the corner after seeing its net loss soar last year from Fl 14m to Fl 59m, on top of which it had to bear restructuring costs of Fl 74m. "We are through the most painful part of the process," says Mr. Norbert Hootsman, director of technical commercial co-ordination. Even so, he adds, it will take time for the effects of the surgery to show through.

The one area of Dutch shipbuilding about which the Government appears most sanguine is dredging equipment, where Holland is an acknowledged world leader. IHC has been losing heavily on its dredging activities, and has only managed to stay afloat because of its growing foreign earnings. Aggressive competition, especially from large Japanese yards, has forced it to accept unprofitable orders.

Apart from ensuring that the shipbuilding sector is not totally submerged by the weight of its difficulties, the government is also concerned to prevent too rapid a cut in employment. Superfluous jobs are being phased out gradually, with State support helping to ease the social strains. Nonetheless, officials in The Hague now reckon that the final size of the industry will be roughly half that of the happier pre-crisis days.

Slow first half for Irish builder

BY STEWART DALBY DUBLIN, Nov. 8.

MCINERNEY PROPERTIES, one of Ireland's larger house builders, has had a disappointing first six months this year with pre-tax profits increasing by 5 per cent to £465,000 for the six months ending June 30. The results came as a surprise since Ireland has been undergoing a building boom since the return of the Fianna Fail Government in June last year.

With group turnover increasing by 7.8 per cent at £16m profit margins showed a slight decrease from 2.96 per cent to 2.88 per cent. Explaining the results the chairman Mr. Ambrose McInerney said the group's activities are divided into three sections, private housebuilding, contract (local authority) and other sales. Contract local authority building counts for the bulk of turnover.

Other sales consist mostly of pre-fabricated office accommodation much of which is sold in the Middle East. This section has had a poor time as Middle East business generally has experienced a downturn.

The company is still looking for a profit for the year of £1m which would mean an overall increase of 15 per cent. But it admits that the strike at Cement Roadstone, the country's major supplier of materials, now in its eighth week, could have a serious effect on activity.

VONTOBEL EUROBOND INDICES
14.5.76=100%

PRICE INDEX	7.11.78	31.10.78	AVERAGE YIELD	7.11.78	31.10.78
DM Bonds	105.40	105.55	DM Bonds	6.506	6.474
HFL Bonds & Notes	99.81	99.44	HFL Bonds & Notes	8.399	8.382
U.S. $ Strt. Bonds	95.77	95.91	U.S. $ Strt. Bonds	9.571	9.277
Can.-Dollar Bonds	94.40	94.69	Can.-Dollar Bonds	10.510	10.239

مكتبات الأصل

Spending increase lifts Stanbic

By Richard Rolfe

JOHANNESBURG, Nov. 8.

STANDARD Bank Investment Corporation (Stanbic) raised profits for the six months to September 30, from R23.1m to R30.1m (U.S.$34.6m), an advance comparable with those recently achieved by Barclays National and Nedbank in South Africa.

The Board ascribes the advance particularly to increased consumer spending in the June quarter, which preceded the introduction of the 4 per cent general sales tax. This, it says, caused demand for consumer credit which stimulated bank lending and led to a sharp increase in the money supply.

After tax at R10m—a rate below that for the previous period because of the additional leasing business written by the bank's instalment credit arm—and preference dividends, net attributable profits rose from R14.3m to R19.7m ($22.6m). Earnings per share went up from 26.8c to 34.9c and the interim dividend has been raised from 9.5c to 10c.

Earnings per share picture have been complicated by two additions to issued share capital in the past eight months. In April, Stanbic acquired UDC Bank, the main operating subsidiary of the UDT group in South Africa, for 3.5m shares and in September it made a one-for-six rights issue which added a further 3.38m shares. Earnings per share for the period have been calculated on a weighted average basis of 56.3m shares.

For the full year to last March, Stanbic raised its total dividend payment from 22.5c to 23c. Dividend forecasts at present are complicated by the change in the group's year end to December 31. The Board says that for the current nine-month financial period, it should achieve its target 16 per cent return on shareholders equity and will pay dividends twice-covered by earnings for the period.

Analysts expect earnings for the nine months to reach about 50c, so the prospect is for a 15c final dividend to make 25c in total, equivalent to an annualised 33c. On this basis the current yield is 7.2 per cent with shares at 460c.

Sharp advance by Associated Furniture

By Our Own Correspondent

JOHANNESBURG, Nov. 8.

ASSOCIATED Furniture Companies (Afcol), a subsidiary of South African Breweries, has reported a strong advance in profits for the six months to September 30. Turnover has risen from R44m to R59m ($67.8m), and operating profit is up from R3.1m to R4.9m ($5.6m). After taxation and adjustments for the net attributable income to associates, net income is up from R2.6m to R3.3m and earnings per share from 11.50 cents to 14.3 cents. The interim dividend has been raised from 5.5 cents to 7 cents.

The board forecasts that profitability, which derives mainly from furniture manufacturing, should continue to improve.

JAPANESE NEWS

Mitsui Engineering loss

TOKYO, Nov. 8.

MITSUI Engineering and Shipbuilding expects a net deficit in the year ending March 31, compared with a net profit of Y2.44bn ($12.8m) last year.

The company added that it may have to cut the dividend from the Y6 per share paid for the previous year.

Mitsui said that the poor business forecast is attributable chiefly to a decline in new ship orders, the yen's steep appreciation against the dollar, and a fall in product costs resulting from intensified competition from developing countries as well as domestic rivals.

The company earlier reported a net deficit of Y2.92bn ($15.4m) in the first half to September 30, compared with a net profit of Y1.95bn a year earlier. Sales were Y100.66bn ($530m), down 34 per cent from last year's Y152.39bn.

Mitsui said, however, that second half sales are expected to rise about 50 per cent to Y155bn on increased orders for chemical plants, container ships and car carriers.

The company had a first half current operating loss of Y3.28bn compared with a profit of Y4.85bn in the same period a year ago.

No interim dividend was paid, compared with Y3 a year earlier.

Agencies

New Japanese securities hedge

TOKYO, Nov. 8.

THE JAPANESE Finance Ministry plans shortly to allow securities companies to borrow foreign currencies as a hedge against their holdings of foreign securities, including bonds and shares, it was announced here today.

At present, the companies are permitted to hedge their holdings in foreign securities in the forward foreign exchange market, but this freedom is not sufficient to cover their risks.

The securities companies' holdings of foreign securities, held as inventory for their broker positions, total a few hundred million dollars, according to officials.

Japanese securities companies agreed that the present system of hedging in the forward market has not worked, because forward dollars have consistently been at a discount against the yen.

* * *

FOREIGN COMPANIES which have entered the consumer-loan market in Japan face the prospect of new regulations, aimed at closer control of the industry, it is reported here.

Mr. Yoshihito Amano, an official in the Finance Ministry's Banking Bureau, told foreign bankers that measures to this end would be contained in a Bill to be presented to Parliament.

Subsidiaries of foreign companies have been authorised to operate here, including units of the Bank America and Citibank.

A liaison committee appointed by the ministries concerned is drafting the new law. Mr. Amano said that it is likely to be submitted to the next Parliament session, which opens late this year.

Agencies

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Meanwhile, the Tokyo Stock Exchange also imposed a one-day suspension of trading in shares of Kansai Kisen, the steamship company in which C. Itoh has a stake, pending clarification of a report that it plans to increase its capital by privately placing 35m new shares, Reuter reports.

The report, in the Sankei Shimbun economic daily, said the capital rise was designed to raise funds required for the company's reconstruction and to improve its financial position to prevent its shares from being delisted. The Osaka Stock Exchange also imposed a one day suspension.

Sharper growth in Asia dollar

SINGAPORE, Nov. 8.

TOTAL ASSETS of the Asian dollar market rose $U.S.1.01bn in September to a provisional $24.12bn, a level $4.79bn higher than a year earlier, the Monetary Authority of Singapore announced.

This is a sharply steeper rise than the $15.8m in August to $23.11bn.

Interbank activities had expanded considerably in September, largely reflecting seasonal elements or window-dressing operations at the end of the quarter.

Interbank lending rose to $17.83bn in September, from $16.84bn in August and $14.45bn in September last year. Interbank deposits increased to $20.18bn, from $19.40bn in August and $17.65bn a year earlier.

Coinciding with the strengthening of Asia dollar interest rates had been a marked increase, of $143.3m in deposits of non-bank customers, and a $14.3m increase in loans to non-bank customers, MAS said.

Non-bank customers deposits had risen to $2.84bn, from $2.69bn in August and $1.95bn in September, 1977, while loans to non-bank customers had increased to $5.61bn, from $5.60bn and $4.49bn, respectively.

The Bank of Tokyo issued a U.S.$30m Euro-Asian floating rate note in September, while in October the State Bank of India issued $10m of floating rate negotiable certificates of deposits, which were followed by an issue of $20m by the Mitsui Bank.

THE SINGAPORE government is offering S$40m six-year tax free bearer bonds at an annual interest rate of 5 per cent from Monday, the Monetary Authority of Singapore announced here today.

Interest earned will be tax exempt, except that for banks and other financial institutions interest will be treated as part of their profits.

On November 15, there will be a redemption of bearer bonds issued in 1972 at a coupon rate of 5 per cent. Holders of these bonds may convert their holdings into new bonds on November 13.

The funds raised are to be used to finance government development expenditure.

Agencies

Small rise at Central Sugars

BY WONG SULONG

KUALA LUMPUR, Nov. 8.

CENTRAL SUGARS Berhad, the Malaysian suger refiner, has reported a 6 per cent rise in net profits to 5.8m ringgit (U.S.$2.6m) for the year to June. Sales rose more sharply by 11 per cent.

The company said that profits were affected by rising costs resulting from the reimposition of excise duty on refined sugar, and the surtax on imported raw sugar from January ths year. Also, the renegotiated long-term sugar contracts between Malaysian refiners and Australia and Fiji came into force in 1978, and the price paid for the sugar was much higher than prevailing market prices.

The company said it foresaw difficulties in maintaining its profits level by relying on sugar refining, and as a result was looking for other areas of investment. During the year, it acquired 28 per cent of the equity of Pan-Malaysia Cement Works Berhad.

A final dividend of 10 per cent is declared. Central Sugars is also capitalising on 4.8m ringgit from unappropriated profit, to make a one-for-four scrip issue.

● Toshiba (Malaysia) Berhad, the electrical appliances manufacturer, said the pre-tax profit for the year to June 1978 rose to 910,670 ringgit ($415,000) from 854,969 ringgit the previous year, Reuter reports from Singapore. The company has recommended a first and final dividend of 15 per cent, tax exempt.

● Also from Singapore, agencies report that the High Court has approved a reduction of capital from S$30m to S$23.7m, thereby cancelling 6.2m shares in Hotel Merlin Singapore not beneficially owned by United Overseas Land.

Store group chief calls for longer shop hours

By Our Own Correspondent

SYDNEY, Nov. 8.

ONE OF Australia's largest department store groups, David Jones, has called for a re-introduction of a large scale immigation programme and extended trading hours to help boost the economy and reduce unemployment.

In 1977-78 the group experienced its worst year since the Second World War, with a downtourn in profit from A$7.8m to A$4.8m an the closure of the Western Australian division after a trading loss of A$2.65m.

Mr. Charles Lloyd Jones, the chairman, told shareholders at the annual meeting today that the problem facing David Jones and the retail trade generally was insufficient sales. Retailers in Australia conditioned themselves to believe that the substantial increases in sales and profits of the 50s, 60s and early 70s were normal, but they were the results of a booming economy fired by the country's population increase.

"We cannot expect to see those boom conditions again until there are corresponding increases in population," Mr. Lloyd Jones said.

"New settlers in this country create consumer demands in all sections of the community and would consequently reduce the unemployment level."

He said another way to increase sales was to extend trading hours, but said that present system of penalty rates would need to be abolished. If traditional penalty rates applied, traders would either not take advantage of extended hours or trade longer hours but have their profit eroded.

The time had come when all service industries should consider a seven-day working week without penalties. He said productivity would increase, unemployment fall, costs would come down and the community would enjoy a better life style.

"If a realistic approach is not taken on penalty rates, service industries such as the tourist trade will be doomed and retailers will continue to be confined in the times they can serve the public."

Mr. Lloyd Jones also came under criticism at the annual meeting when he announced a replacement for the former managin director, Mr. George Tinnus who retired in June after 42 years with the company. The new managing director is Mr. Eric E. Greenhalgh, 46, whose entire business career has been with the John Lewis Partnership in England.

Several shareholders were critical at the "importation" of a foreign chief executive. One shareholder claimed that Australians were best able to handle other Australians.

Mr. Lloyd Jones replied that the board had looked at the group's executives and decided there was nobody with sufficient experience. Equally, he said, there was nobody in Australia outside David Jones whom they believed had the necessary qualifications.

Consumer demand boosts Esanda profit by 25%

BY JAMES FORTH

SYDNEY, Nov. 8.

ESANDA, the wholly-owned finance company of the Australia and New Zealand Banking Group, outperformed its major competitors in 1977-78 with a 25.2 per cent boost in profits, from A$20.2m to A$25.3m (U.S.$29m). However, the directors caution that unless there is an unexpected improvement in consumer and commercial demand, the outlook is for more modest growth in the current year.

The higher earnings were achieved on an increase in gross revenue of 20.6 per cent, while total expenses rose by 20.9 per cent.

Esanda's results compare with a 19 per cent lift for the industry leader, Australia Guarantee Corporation, to a profit of A$44.5m, a 22 per cent increase to A$14.75m for General Credits but a marginal gain of only 0.4 per cent to A$18m for Custom Credit Corporation.

As with other financiers, Esanda's best growth area in 1977-78 was leasing, with net outstandings rising 37 per cent. Total net outstandings rose 16 per cent for the year to A$1.19bn. Income yet to mature rose from A$257m to almost A$300m.

The directors said the year was marked by subdued demand and intense competition with new lending rates moving down faster than borrowing rates. The average rate paid on borrowings, although higher than in the previous year, began to fall in line with reducing interest rates and should continue to fall as high rate fixed terms maturities are replaced by funds at lower current rates.

Net bad debts and provisions for identified doubtful debts rose sharply from A$3.35m to A$5.72m. The prolonged period of depressed economic conditions and high unemployment were blamed as contributing factors.

However, the latest figure represents only 0.47 per cent of net outstandings at balance date compared with 0.32 per cent a year earlier. The increase in bad debts came from all areas, including consumer and commercial finance.

All known and expected losses were written off. Interest not charged on commercial and property development loans was A$830,000 compared with A$949,000 in the previous year and the principal amount of these loans was A$5.9m. The general doubtful debt provision was increased by A$1m, taking the total general provisions to A$5.9m.

Tel Aviv Stock Exchange tightens reporting rules

BY L. DANIEL

TEL AVIV, Nov. 8.

THE TEL AVIV Stock Exchange is to require companies to produce unaudited semi-annual reports within three months of the period reviewed. The reports' contents will be decided in conjunction with the Securities Authority and the Institute of Chartered Accountants.

In a further move to improve the flow of information, all companies will be required, as from January 1, to issue their audited annual reports within 120 days of the end of their financial years, instead of 180 days.

It is also mooted that securities advisers may soon have to obtain licenses based on examinations. This would put an end to the many self-styled "consultants" working outside the institutional framework. Many of these were set up during the stock exchange boom here in the second half of 1977.

Since then prices have eased, and are roughly at the level prevailing before the floating of the Israeli pound and the foreign exchange liberalisation which came into force at the end of October 1977, despite the rise in the general price level.

Spurred by the introduction of "new economic policy" and the price rises engendered by the floating of the pound, the general share index reached a high of 145.2 in mid-December, 1977, but slumped to a low of 96.4 in February. It is now at the pre-NEP level of about 140, despite the rapid inflation since then. On the other hand the index of linked bond prices has risen by some 53 per cent over the past 12 months—this exceeding even the rise in the cost of living index.

GROSS PROFIT of the Tfachot Mortgage Bank rose by 36.1 per cent in 1977-78 to I£486m ($278m). Control of the bank, as reported earlier this week, is expected shortly to pass from the Israeli Government to Canadian hands.

The consolidated balance-sheet of the bank—one of Israel's two largest—increased at about the same rate as profits, to I£11.4bn ($650m).

It was reported on Tuesday that the Reichmann brothers, of Canada, were expected to acquire 52 per cent of the voting rights in the bank, and 17 per cent of the capital from the Government, against payment of $16m.

Mitsubishi Oil

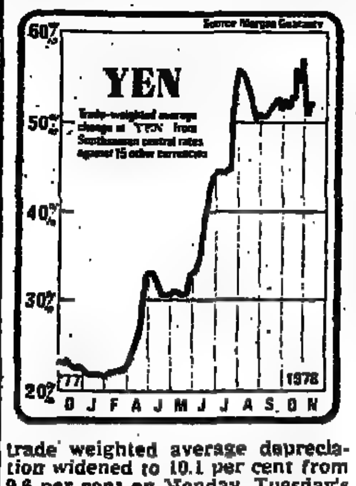
MITSUBISHI OIL Company has established a tanker company by separating off its oil tanker division, AP-DJ reports from Tokyo. The new company, Ryoyu Tanker Company, will engage in crude oil transportation. Mr. Yoshihiro Nakajima, executive director of Mitsubishi Oil, assumes the post of president of the Ryoyu Tanker, capitalised at Y200m.

Currency, Money and Gold Markets

Dollar eases despite support

Pressure on the U.S. dollar increased in the foreign exchange market yesterday as doubts began to show through as to how sincere the U.S. authorities would be in their undertaking to support their currency. Against the Swiss franc, it touched SwFr 1.6360 in early dealings before easing through the day, despite central bank intervention to a low of SwFr 1.6080. It closed at SwFr 1.6160 compared with Tuesday's close of SwFr 1.6395. The West German mark followed very much the same pattern and after an initial quotation of DM 1.8950, it eased to DM 1.8695, before closing at DM 1.8770, still up from the previous closing of DM 1.8970.

Using Morgan Guaranty figures at noon in New York, the dollar's trade weighted average depreciation widened to 10.1 per cent from 9.6 per cent on Monday. Tuesday's figure was unavailable owing to a public holiday.



Sterling finished weaker overall although there did not appear to be any pressure during the day. On Bank of England figures, its trade weighted index fell to 62.2 from 62.6. However the closing calculation showed an improvement from 62.1 at noon while the morning's figure stood at 62.3.

Against the dollar, sterling opened at $1.9745-1.9755 and and briefly touched $1.9785 before easing to $1.9650-1.9660. Support for the dollar during the afternoon pushed the rate down to $1.9635 before an improvement was seen at the close to $1.9743-1.9755, a rise of 25 points from Tuesday's close.

FRANKFURT—The beauty of the dollar's recent weakness in foreign exchange markets was that basically, most people knew exactly where they stood. However since the announcement of President Carter's dollar support package, there has been a good deal of speculation as to the precise sincerity of the U.S. authorities in their undertaking to prop up the dollar. Consequently the U.S. unit has seen an increasing amount of pressure with investors tending to test the temperature of the market. At the fixing the dollar fell to DM 1.8762 from DM 1.8966 on Tuesday despite some $12m support by the Bundesbank. As if in response, intervention by the Federal authorities in later trading pushed the dollar to DM 1.8785.

PARIS—The dollar was fixed at FFr 4.2730 against FFr 4.3085 despite intervention by the Bank of France to the tune of $10m to $15m at the fixing. However further intervention by European and U.S. authorities pushed the dollar up in later trading to be quoted at FFr 4.2975 against Tuesday's late rate of FFr 4.3175.

MILAN—At the fixing the dollar fell to L835.45 from L840.45 previously. This appeared to be a technical reaction after the dollar's sharp rise, following last week's dollar support package announcement. The lira was generally weaker against major European currencies.

AMSTERDAM—The dollar was fixed at Fl 2.0230 against Fl 2.0480 on Tuesday. In later trading the U.S. currency was quoted at Fl 2.0315, slightly up from its level at the fixing.

ZURICH—In early trading the dollar was somewhat weaker with trading described as the quietest for at least two weeks. At mid-morning the U.S. unit was quoted at SwFr 1.6265 down from its earlier rate of SwFr 1.6325.

BRUSSELS — After opening at BFr 29.64, the dollar was fixed at BFr 29.3225 compared with Tuesday's fixing of BFr 29.7500.

TOKYO—Despite efforts by the Central Bank, the dollar closed at Y188.40 compared with Y189.12½ on Tuesday. Trading became fairly active with pressure mounting on the U.S. unit after it had opened at Y189.0. Around $100m of support was given by the authorities by the time the dollar had fallen to Y187.70, with uncertainty mounting over just how much assistance the U.S. authorities are prepared to give in defence of their currency. Spot turnover was about $690m with forward trading amounting to $99m and swap trading accounting for $801m.

THE POUND SPOT / FORWARD AGAINST £

Nov. 8	Bank rate %	Day's spread	Close	One month	p.a. %	Three months	p.a. %
U.S. $	9½	1.9650-1.9785	1.9745-1.9755	[illegible]	[illegible]	[illegible]	[illegible]
Canadian $	[illegible]	2.3045-2.3160	2.3145-2.3150	[illegible]	[illegible]	[illegible]	[illegible]
Guilder	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belgian F	[illegible]	57.75-58.30	57.95-58.05	[illegible]	[illegible]	[illegible]	[illegible]
Danish K	8	10.18-10.27	10.24-10.25	[illegible]	[illegible]	[illegible]	[illegible]
D-Mark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Port. Esc.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Span. Pes.	8	139.50-140.15	139.85-140.05	160-240 c.dis	−15.71	580-680 c. dis	−17.14
Lira	10½	1,645-1,649	1,641½-1,647½	2-5 lire dis	−2.56	6-9 dis	−1.82
Nrwgn.K.	7	9.7½-9.88	9.86½-9.87½	1-2½ ore dis	−2.16	5¼-6¼ ore dis	−1.32
French Fr.	9½	8.41¼-8.49	8.45-8.46	5½-2½ c.pm	4.26	8¾-7¼ c. pm	3.78
Swedish Kr.	6½	8.50¼-8.57	8.55½-8.56½	3½-1½ ore pm	3.15	7¼-6¼ ore pm	3.15
Yen	3½	367-374	369½-371½	4.10-3.70y pm	12.67	10.9-10.5y pm	11.55
Austria Sch	4½	27.00-27.25	27.10-27.15	12-2 gro pm	3.10	28-18 gro pm	3.40
Swiss Fr.	1	3.16¼-3.21¼	3.18¼-3.19¼	6¼-2¼ c. pm	12.69	10¼-11¼ c. pm	13.32

Belgian rate is for convertible francs. Financial franc 59.60-59.70.

Six-month forward dollar 1.92-1.82c pm. 12-month 3.50-3.40c pm.

THE DOLLAR SPOT / FORWARD AGAINST $

November 8	Day's spread	Close	One month	p.a. %	Three months	p.a. %
Canadian $*	85.38-85.50	85.47-85.50	0.04-0.01c dis	−0.35	0.23-0.16c pm	[illegible]
Guilder	2.0258-2.0482	2.0320-2.0335	0.38-0.30c pm	2.51	1.77-1.67c pm	[illegible]
Belgian Fr	29.37-29.62	29.37-29.39	2c pm-par	0.41	15-13c pm	[illegible]
Danish Kr	5.1825-5.2195	5.1825-5.1850	2.20-2.70c dis	−5.23	6.10-6.60c dis	[illegible]
D-Mark	1.8775-1.8895	1.8775-1.8790	1.14-1.08pf pm	6.70	3.82-3.76pf pm	[illegible]
Port. Esc	45.70-46.05	45.90-46.05	35-180c dis	−28.14	130-500c dis	[illegible]
Span. Pta	70.90-71.01	70.90-70.95	90-185c dis	−15.96	200-310c dis	−15.76
Lira	835.25-838.30	835.55-835.85	2.30-2.80lire dis	−3.65	7.30-8.30lire dis	[illegible]
Nrwgn. Kr	4.9860-5.0160	4.9980-5.0090	1.10-1.50ore dis	−3.36	4.40-4.90ore dis	[illegible]
French Fr	4.2810-4.3040	4.3000-4.3040	0.95-0.75c pm	2.37	2.45-2.25c pm	[illegible]
Swedish Kr	4.3225-4.3385	4.3340-4.3360	0.70-0.50c pm	2.01	1.30-1.10c pm	[illegible]
Yen	186.90-187.90	187.20-187.35	1.70-1.55y pm	10.20	4.60-4.55y pm	[illegible]
Austria Sch	13.7350-13.8325	13.7350-13.7450	4.50-3.50gro pm	3.36	13.50-11.50gro pm	[illegible]
Swiss Fr	1.6100-1.6305	1.6185-1.6205	1.40-1.35c pm	9.59	4.65-4.60c pm	[illegible]

* U.S. cents per Canadian $.

CURRENCY RATES

November 8	Special Drawing Rights	European Unit of Account
Sterling	0.656423	0.680886
U.S. dollar	1.29381	1.34509
Canadian dollar	—	1.57263
Austrian schilling	17.7672	18.3876
Belgian franc	37.9377	39.4415
Danish krone	6.71437	6.96589
Deutsche Mark	2.42745	2.51811
Guilder	2.61738	2.72255
French franc	5.52845	5.74559
Lira	1080.98	1122.53
Yen	243.883	251.179
Norwegian krone	6.52772	6.68216
Peseta	91.5580	94.9253
Swedish krona	5.61255	5.80790
Swiss franc	—	2.16509

CURRENCY MOVEMENTS

November 8	Bank of England Index	Morgan Guaranty changes %
Sterling	62.21	−41.6
U.S. dollar	82.89	−10.1
Canadian dollar	80.80	−17.4
Austrian schilling	144.48	+18.3
Belgian franc	114.57	+15.4
Danish krone	117.71	+ 6.8
Deutsche Mark	147.87	+40.2
Swiss franc	200.15	+89.0
Guilder	123.47	+20.0
French franc	98.62	− 6.0
Lira	54.47	−48.7
Yen	154.21	+52.3

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Nov. 8	£	$		£ Note Rates
Argentina Peso	1,818-1,818	916.90-918.90	Austria	27.95½
Australia Dollar	1.7086-1.7156	[illegible]-0.8686	Belgium	60½-62
Finland Markka	7.8150-7.8250	3.975-3.975	Denmark	10.30-10.45
Brazil Cruzeiro	[illegible]	19.0-19.0	France	8.60-8.70
Greek Drachma	71.585-72.695	36.42-37.31	Germany	3.70-3.80
Hong Kong Dollar	9.38-9.41	4.75-4.76	Italy	1610-1680
Iran Rial	NA	70.40-70.70	Japan	370-389
Kuwait Dinar (KD)	0.540-0.545	0.2710-0.2740	Netherlands	4.00-4.10
Luxembourg Franc	57.95-58.05	29.36-29.40	Norway	9.92-10.02
Malaysia Dollar	4.2975-4.7275	2.18-2.19	Portugal	90-110
New Zealand Dollar	1.8815-1.8805	0.9475-0.9470	Spain	144-148
Saudi Arabia Riyal	6.45-6.55	3.3050-3.3260	Switzerland	3.20-3.30
Singapore Dollar	4.28-4.29	2.1715-2.1735	United States	1.97¼-1.98¼
South African Rand	1.6979-1.7259	0.8597-0.8729	Yugoslavia	42½-44½

Rate given for Argentina is free rate.

EXCHANGE CROSS RATES

Nov. 8	Pound Sterling	U.S. Dollar	Deutsche Mark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.975	3.710	370.5	8.455	3.190	4.005	1647.	2.315	58.00
U.S. Dollar	0.506	1.	1.878	187.6	4.281	1.615	2.028	834.1	1.172	29.37
Deutsche Mark	0.270	0.533	1.	99.87	2.279	0.860	1.080	444.0	0.624	15.63
Japanese Yen 1,000	2.699	5.331	10.01	1000.	22.82	8.610	10.81	4446.	6.247	156.5
French Franc 10	1.183	2.336	4.388	438.2	10.	3.773	4.737	1948	2.737	68.60
Swiss Franc	0.313	0.619	1.163	116.1	2.650	1.	1.255	516.4	0.725	18.18
Dutch Guilder	0.250	0.493	0.926	92.51	2.111	0.797	1.	411.5	0.578	14.48
Italian Lira 1,000	0.607	1.199	2.252	224.9	5.133	1.937	2.431	1000.	1.405	35.21
Canadian Dollar	0.432	0.853	1.603	160.1	3.653	1.378	1.730	711.7	1.	25.06
Belgian Franc 100	1.724	3.405	6.397	638.7	14.58	5.500	6.905	2840	3.991	100.

EURO-CURRENCY INTEREST RATES*

Nov. 8	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	10⅛-11	9¾-10	8¼-9¼	8-8¼	par-⅛	1¼-1½	7¼-7¾	12-16	—	[illegible]
7 day's notice	11¼-12¼	9⅞-10⅛	8¼-9¼	8-8¼	par-⅛	1⅝-2	7¼-7⅞	12-14	10-10⅛	[illegible]
Month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	12¼-13¼	9⅝-9¾	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	14¼-16¼	11⅛-11¼	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	15¼-16¼	11⅝-¾	[illegible]
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	15¾-16¾	11⅛-11¼	[illegible]

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.25-10.35 per cent; three months 10.30-10.40 per cent; six months 11.65-11.75 per cent; one year 11.60-11.70 per cent.

Long-term Eurodollar deposits: Two years 10⅜-10⅝ per cent; three years 10⅛-10⅜ per cent; four years 10-10¼ per cent; five years 10-10¼ per cent nominal closing rates. Short-term rates a call for sterling, U.S. dollars and Canadian dollars, two-day call for guilders and Swiss francs. Asian rates for closing rates in Singapore.

INTERNATIONAL MONEY MARKET

European rates decline

The gold and foreign currency reserves of the Netherland's Bank rose Fl 631.3m to Fl 21.3bn in the week ended November 6. This was the first rise for over a month, and reflects the recovery of the dollar on the foreign exchange market.

The currency reserves of the German authorities have also increased recently, not only as a result of the rise in the value of dollar holdings, but also as a reflection of heavy intervention in the foreign exchange market.

Interest rates were generally easier in Europe yesterday, with Dutch call money easing to 8-8½ per cent from 8¼-8½ per cent; one-month to 7½-7¾ per cent from 8¼-8½ per cent; three-month to 7¾-8 per cent from 8½-8¾ per cent; and six-month to 7½-7¾ per cent from 8-8¼ per cent.

FRANKFURT—Call money fell to 2.40-2.50 per cent from 3.10-3.20 per cent and fixed period rates were easier or steady. One-month funds fell to 3.30-3.40 per cent from 3.40-3.50 per cent, while three-month were quoted at 3.80-3.90 per cent, compared with 3.80-4.00 per cent. Six-month money fell to 3.90-4.00 per cent from 4.00-4.20 per cent, and 12-month was unchanged at 4.10-4.20 per cent.

BRUSSELS—One-month deposit rates for Belgian francs (commercial) fell to 9¾-10 per cent from 10¼-10⅝ per cent; three-month to 9¼-9⅝ per cent from 9⅞-10¼ per cent; six-month to 8¾-9 per cent from 9¼ per cent; and 12-month to 8¾-9 per cent from 8⅞-9¼ per cent.

PARIS—Day-to-day money eased to 7 per cent from 7½ per cent, while one-month fell to 6¹⁵⁄₁₆-7⅛ per cent from 7½ per cent; three-month to 7⅛-7⅜ per cent from 7½-7⅝ per cent; six-month to 7⅜-7⅝ per cent from 7⅞-7⅛ per cent; and 12-month to 8¼-8½ per cent from 8⅜-8⅝ per cent.

NEW YORK—Interest rates were also fairly easy, with Federal funds declining to 9¾-9⅞ per cent, from 9⅞ per cent on Monday. Treasury bills showed mixed changes, as 13-week bills eased to 8.95 per cent from 9.028 per cent at Monday's auction; while 26-week bills were quoted at 9.42 per cent, against 9.419 per cent at the auction. 12-month bills rose to 9.28 per cent from 9.26 per cent late Monday.

GOLD

Further rise

Trading in gold was very active in the London bullion market yesterday and it closed $3 higher at $219-219½. After an opening level of $218½-219½, the metal was fixed at $221.75 during the morning and $218.80 in the afternoon. Gold movements again reflected the dollar's performance in the foreign exchange market and at one point it touched $221½-222½, although in later trading in New York it steadied around $218½.

In Frankfurt, the 12½ kilo bar was fixed at DM 13,400 per kilo ($222.17 per ounce) compared with DM 13,120 ($215.07) previously.

	Nov. 8	Nov. 7
Gold Bullion (a fine ounce)		
Close	$219-219½	$215-216½
Opening	$218½-219½	$215-215½
Morning fixing	$221.75 (£112.449)	$214.40 (£108.285)
Afternoon fixing	$218.80 (£110.865)	$218.55 (£109.323)
Gold Coins domestically		
Krugerrand	$226-228 (£114½-115½)	$222-224 (£112½-113½)
New Sovereigns	$61½-63½ (£31½-32½)	$60½-62½ (£30½-31½)
Old Sovereigns	$61-63 (£31-32)	$60½-62½ (£30½-31½)
Gold Coins internationally		
Krugerrand	$225½-227½ (£114½-115½)	$221-223 (£112½-113½)
New Sovereigns	$59-61 (£30-31)	$58-60 (£29½-30½)
Old Sovereigns	$61-63 (£31-32)	$60½-62½ (£30½-31½)
$20 Eagles	$292-297	$288-293
$10 Eagles	$154-160	$150-155
$5 Eagles	$101-107	$97-102

UK MONEY MARKET

Full credit supply

Bank of England Minimum Lending Rate 10 per cent (since June, 1978)

Day-to-day credit was in abundant supply in the London money market yesterday, and the authorities sold a very large amount of Treasury bills to the discount houses to absorb the surplus. The bills were very close to maturity, however, which did nothing to reduce fears that Bank of England Minimum Lending Rate may still be due for an increase in the near future, possibly this week. But this was not reflected in short-term interest rates, which were generally easier, while it is also likely that the number of bills sold by the Bank of England was insufficient to take out the full surplus, and banks may well carry over surplus balances.

Closing money rates tended to confirm this, with discount houses picking up late balances at 3½-6 per cent, while overnight money in the interbank market fell to 2 per cent at the close.

Earlier in the day the houses paid up to 9-9¾ per cent, and the interbank overnight opened at 9¾-9⅞ per cent, before trading at 7½-9 per cent for most of the day.

Local authorities received £140m rate support grant, which was a major factor behind the very substantial surplus of Government disbursements over revenue payments to the Exchequer. The market was also helped by a slight fall in the note circulation. On the other hand there was a small take-up of Treasury bills and local authority bills to finance.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

Nov. 8 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills	Eligible Bank Bills	Fine Trade Bills
Overnight	—	2-9½	—	—	—	9⅝	7½-10	—	—	—
2 days notice	—	—	9⅝-9⅞	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	9⅞	—	—	—	—
7 days notice	—	9¼-10	9⅞-10	—	10½	—	9½	—	—	—
One month	10⅝-10½	10½-10¾	10¼-10½	11-11¼	11	10⅞	10¼-10⅜	10½	10¾	11¼
Two months	11⅛-11	11⅛-11¼	—	11⅛-11¾	11½	12	10⅝-10⅝	10¹¹⁄₁₆-10¾	11⅛	11½
Three months	11½-11⅜	11⅛-11⅜	11⅛	11¼-11⅜	11¾	—	10¾	10⅞-10⅞	11⅜-11⅛	11¾
Six months	11⅛-11⅛	11½-11⅝	11⅛-11⅝	11⅝-11⅞	12¼	—	—	—	11⅛	12½
Nine months	11¾-11⅝	11⅞-11⅞	—	11⅝-12	12	—	—	—	—	—
One year	11¾-11⅝	11⅝-11⅞	11½-11¾	11¾-12	12	—	—	—	—	—
Two years	—	—	12⅛-12⅝	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. Longer-term local authority mortgage rates nominally three years 12⅛-12¼ per cent; four years 12¼-12⁵⁄₁₆ per cent; five years 12⅜-12½ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rate for four-month bank bills 11½ per cent; four-month trade bills 12 per cent.

Approximate selling rates for one-month Treasury Bills 10¼-10⅜ per cent; and two-month 10⁹⁄₁₆-10½ per cent; three-month 10⅞-10²⁵⁄₃₂ per cent. Approximate selling rate for one-month bank bills 10⅝ per cent; two-month 11 per cent; and three-month 11¼-11⁵⁄₁₆ per cent; one-month trade bills 11½ per cent; two-month 11⅞ per cent; and also three-month 11⅞ per cent.

Finance House Base Rates (published by the Finance House Association) 10 per cent from November 1, 1978. Clearing Bank Deposit Rates (for small sums at seven days' notice) 8 per cent. Clearing Bank Base Rates for lending 11½ per cent. Treasury Bills: Average tender rates of discount 10.7973 per cent.

MONEY RATES

NEW YORK

Prime Rate	10.75
Fed Funds	9.8125
Treasury Bills (13-week)	8.95
Treasury Bills (26-week)	9.42

GERMANY

Discount Rate	3
Overnight	2.45
One month	3.35
Three months	3.85
Six months	3.95

FRANCE

Discount Rate	9.5
Overnight	7
One month	7
Three months	7.25
Six months	7.5

JAPAN

Discount Rate	3.5
Call (Unconditional)	4.25
Bills Discount Rate	4.625

WORLD STOCK MARKETS

Bargain hunting reverses Wall St. slide

INVESTMENT DOLLAR PREMIUM

$2.60 to £1—77% (77¾%)

Effective $1.9750 34½% (34¼%)

AFTER TAKING the recent sharp slide a stage further yesterday, Wall Street later showed some recovery on bargain hunting concentrated in the particularly depressed Blue Chips sector. Trading was again moderate.

The Dow Jones Industrial Average, down 23 points over the past two days, lost about 6 points more before rallying to finish 7.54 up on the day at 807.61. The NYSE All Common Index was finally a net 27 cents higher at $52.49, after a day's low of $51.92, although declines still held an edge over gains at the close by 769 to 682. Turnover amounted to 23.56m shares, against 25.32m yesterday.

Analysts termed the recovery technical, in part reflecting the oversold condition of the market and an easing of margin selling. They added that worries about fundamental problems, such as rising interest rates and inflation, persist.

President Carter again promised a tough fight against inflation, and his Council of Economic Advisers chairman Schultze said he is confident there will not be a recession next year, but most private economists are expecting a 1979 business downturn.

Oil industry sources said Iranian oil exports have fallen to less than 10 per cent of the level of the past few months because of the unrest there. The lost production could affect pricing decisions at the approaching OPEC conference on prices.

Analysts said the heavily-oversold market was due for a rally, but concern about the *weekly money supply report and* President Carter's Press conference, both due today, could dampen buying interest.

General Motors again led the Actives list and recovered ¾ to $59½, following Tuesday's fall of 2¾ on cuttings its year-end dividend.

Active **Sears Roebuck** picked up ⅛ to $20⅝. It has predicted an increase in third-quarter operating income before pension costs but after a $5.5m reserve for duties on imported television sets.

Mead climbed 1⅝ to $29½, Occidental Petroleum said Ohio authorities have ruled that Occidental's proposed bid for Mead complies with State take-over laws. **Occidental** were unchanged at $16.

Standard Oil of Ohio rose ⅞ to $36½. Californian voters have backed its plan to build an Alaskan oil terminal. **British Petroleum**, which holds a big stake in Sohio, added ¼ at $17½.

The late rally carried a number of Glamours and Blue Chips into higher ground. **IBM** rose 3⅝ to $265⅝, **Du Pont** 2⅛ to $124¾, **Boeing** 2¼ to $63⅛, **Teledyne** $2 to $90½, **Eastman Kodak** 1½ to $59¾, **Polaroid** $2 to $40¼ and **Alcoa** ¾ to $46.

General Electric which has won a $100.3m air force contract, put on ¼ to $48.

Active **Bally Manufacturing** advanced 1⅞ to $39⅞, but **Ceasars World** eased ¼ to $29⅜ and **Del. E. Webb** ¼ to $14⅜. Florida voters have rejected a casino gambling referendum.

Gulf Oil gained ⅜ to $24½. It has completed drilling a well offshore of New Jersey and is to test for *hydrocarbons.*

THE AMERICAN SE Market Value Index, after slipping further to 140.96 at 1 pm, picked up to 141.99 for a gain of 0.41 on the day after reduced activity. Volume 2.77m shares (3.31m).

Resorts International "A" rose 1½ to $37½. After the market close, the Amex removed 100 per cent initial margin requirements on the "B" shares, which gained 1⅞ to $52.

Syntex climbed 1½ to $31½ and **Amdahl** 2½ to $45.

Canada

In line with the New York trend, Canadian markets partially rallied after fresh initial easiness. The Toronto Composite Index ended 2.2 firmer on balance at 1,212.7, while Metals and Minerals regained 12.8 to 1,076.0, Oils and Gas 10.6 to 1,526.4 and Papers 1.79 to 135.66, but Banks lost 3.57 to 288.36 and Golds, firm of late on the higher Bullion price, shed 6.1 to 1,392.4.

Nordair "A" rose 1½ to C$11¼ following Government approval of the sale of Nordair to Air Canada.

Surpass Chemicals, subject of a possible amalgamation into a unit of Witco Chemical, gained C$1 to C$8.

Tokyo

Stocks displayed a firmer bias in active trading, with the Nikkei-Dow Jones Average gaining 14.01 more to close at a new record peak of 5,957.94. The Tokyo SE index edged up 0.34 to 441.45, while trading volume reached 440m shares (360m).

Department Stores, Foods, Aircrafts, Heavy Electricals and Communications were higher, but Electricals, Vehicles and other export-orientated shares eased on the uncertain exchange market outlook.

Toray, up Y8 at Y161, **Toshiba Ceramics** and other medium-priced issues were firm, although some caution emerged over the high price levels.

Some Petroleums, including **Nippon Oil**, and large-asset shares also advanced.

Electric cable manufacturer **Fujikura Cable Works** was actively bought on news that it has succeeded in development of an electric magnet to be used for nuclear fusion electricity generation.

Real Estates rose in the morning session on Press reports that the Construction Ministry and the Land Agency have recommended an easing of land tax policy to a sub-committee of the Tax System Council for the Liberal Democratic Party. Towards the close, however, the shares mostly eased back on news that the Finance Ministry is reluctant to relax the current tax policy, brokers commented.

Tokai Electrical Installation gained Y100 to Y658, **Tokai Riku** Y56 to Y891, **Riken Vinyl** Y51 to Y620, **Santen Pharmaceutical** Y43 to Y795, **Hitachi Cable** Y35 to Y444 and **Nippon Shinpan** Y35 to Y889.

On the other hand, **Kagome** fell Y100 to Y1,200, **Hisamitsu Pharmaceutical** Y60 to Y1,030, **General Sekiyu** Y55 to Y916, **TDK Electronics** Y50 to Y2,030 and **Toyoda Machine Works** Y30 to Y1,000.

Hong Kong

The market's recent sharp retreat quickened yesterday in heavy trading, further depressed by an announcement late on Tuesday evening from the Exchange Banks Association interest rate sub-committee that Best Lending Rate would be raised 1½ points to 8¼ per cent with effect from today. The Hang Seng Index, down 19.86 the previous day, fell 28.38 more to 600.38. Turnover on the four exchanges totalled HK$267.64m (HK$145.40m).

Hong Kong Land weakened 90 cents to HK$10.30, **Swire Pacific** 80 cents to HK$8.70, **Jardine Matheson** 60 cents to HK$15.40, **Hong Kong Bank** 30 cents to HK$18.60, **Hutchison Whampoa** 35 cents to HK$5.70 and **Wheelock** 20 cents to HK$3.225.

Hong Kong Hotels fell HK$2 to HK$20.40, **China Light** HK$1.60 to HK$27.90, **Cheung Kong** HK$1.30 to HK$11.30 and **Swire Properties** 12.5 cents to HK$3.70.

Germany

With dollar and overnight Wall Street weakness depressing sentiment, Bourse prices mainly drifted down in idle trading. The Commerzbank index eased 2.9 to 825.5.

Disappointing rights offer terms from **Siemens**, in Electricals, left the shares DM 3.20 lower at DM 293.50.

Among Banks **Bayernhypo** receded DM 4.50 and **Deutsche Bank** DM 2.00, while in the Motors sector, **Mercedes** lost DM 4 and **Volkswagen** DM 2.10.

In Engineerings, **GHH** dipped DM 3.50, while Stores had **Horten** and **Neckermann** down DM 2.50 apiece but **Kaufhof** put on DM 1. **BASF** shed DM 1.40 in Chemicals.

The Domestic Bond market continued to weaken, reflecting uncertainty over plans for mark-denominated "Carter Bonds," and Public Authority issues were widely offered, shedding up to 65 pfennigs more. The regulating authorities bought a substantial DM 170.2m nominal of paper, against DM 11.7m purchases on Tuesday.

Paris

Shares closed narrowly mixed after the thinnest trading for many sessions.

Brokers said concern over the renewed weakness of the dollar and the overnight Wall Street depression kept investors away from the Bourse yesterday.

Banks, Constructions, Mechanicals and Metals were easier-inclined, but Stores, Chemicals and Oils tended to harden a shade.

Gaining stocks included **CCF, Opfi-Paribas, Pernod-Ricard, Peugeot-Citroen, Arjomari, Nouvelles Galeries, Sogerap** and **Pierrefitte-Auby**.

Marked lower were **Locabail, Sade, Cofradel, Poliet, Poclain, Sagem, Perrier, Denain** and **Europe 1**.

Australia

Industrial and Mining leaders mainly lost ground as local investors chose to take their lead from weaker overnight London and Wall Street markets.

BHP retreated 18 cents to A$8.18 on lack of London interest, while among easier Banks, **BNS Wales** lost 10 cents to A$6.90 and **ANZ** 7 cents to A$3.53.

In the Mining sector, **CRA** receded 12 cents more to A$3.28 as the market continued to take a cautious line on the Ashton diamond prospect interim progress report, released on Monday.

Some Uraniums suffered a further set-back in the face of dampened enthusiasm of London buyers for Australian mining issues. **Peko-Wallsend** came back 16 cents more to A$5.80 and Nabarlek operator **Queensland Mines** lost a further 13 cents to A$3.25. *EZ Industries* were 5 cents lower at A$3.10, but **Pancontinental** recovered 10 cents to A$11.20.

Western Mining shed 4 cents to A$1.68, while **Bougainville** were similarly lower at A$1.50. Golds, however, were firmer on the rise in the metal price. **Consolidated Goldfields** adding 5 cents at A$3.55.

Switzerland

Stocks tended to slip back in what apparently was a corrective reaction to rises earlier this week. Trading, however, remained active. The Swiss Bank Corporation Industrials index, up 6.2 the previous day, reacted 2.7 to 275.5.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.

◆ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax. ♥ Pta 500 denom. unless otherwise stated. ♣ DKr 100 denom. unless otherwise stated. ♦ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. $ Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs, including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. ∆ Interim since increased.

NEW YORK

CANADA

† Bid. ‡ Asked. § Traded. || New stock.

Indices

NEW YORK—DOW JONES

	Nov. 8	Nov. 7	Nov. 6	Nov. 3	Nov. 2	Nov. 1	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Industrials●	807.61	800.07	814.88	823.11	816.98	827.79	907.74	742.12	1051.70	41.22
H'me B'nds*	86.41	86.36	86.44	86.55	86.62	86.67	90.65	86.36	—	—
Transport	211.55	211.14	216.04	216.84	215.04	219.05	261.49	199.31	279.88	12.23
Utilities	98.04	97.67	98.31	98.51	98.46	98.58	110.98	97.35	163.32	10.55
Trading vol. 000's	23,560	25,320	20,650	26,070	41,050	50,450	—	—	—	—

– Basis of Index changed from Aug. 24. ● Day's high 809.60 low 780.37

Ind. div. yield %	Nov. 3	Oct. 27	Oct. 20	Year ago (approx)
	5.77	5.89	5.67	5.57

STANDARD AND POORS

	Nov. 8	Nov. 7	Nov. 6	Nov. 3	Nov. 2	Nov. 1	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Industrials	105.05	104.27	105.61	107.05	106.60	107.76	118.71	95.52	134.54	3.53
Composite	94.45	93.85	95.19	96.18	95.61	96.65	106.98	86.90	125.95	4.40

	Nov. 1	Oct. 25	Oct. 18	Year ago (approx.)
Ind. div. yield %	5.13	5.09	4.93	4.93
Ind. P/E Ratio	9.04	9.05	9.34	8.97
Long Gov. Bond yield	8.68	8.67	8.65	7.88

N.Y.S.E. ALL COMMON

Nov. 8	Nov. 7	Nov. 6	Nov. 3	1978 High	1978 Low
52.49	52.22	53.05	53.49	60.38	48.37

Rises and Falls	Nov. 8	Nov. 7	Nov. 6
Issues Traded	1,852	1,891	1,886
Rises	682	197	600
Falls	769	1,418	915
Unchanged	401	276	371
New Highs	1	2	6
New Lows	105	77	46

MONTREAL

	Nov. 8	Nov. 7	Nov. 6	Nov. 3	1978 High	1978 Low
Industrial	205.63	202.45	205.12	209.86	222.14	152.90
Combined	209.60	209.37	211.67	215.51	225.61	170.82

TORONTO Composite	1212.7	1210.5	1223.8	1254.5	1352.7	998.2

JOHANNESBURG

	Nov. 8	Nov. 7	Nov. 6	Nov. 3	1978 High	1978 Low
Gold	240.6	(u)	250.5	237.8	272.0	185.0
Industrial	274.8	(u)	274.4	275.1	281.8	154.9

WEDNESDAY'S ACTIVE STOCKS

GERMANY ◆

TOKYO ¶

AUSTRALIA

OSLO

BRAZIL

JOHANNESBURG

AMSTERDAM

BRUSSELS/LUXEMBOURG

PARIS

SWITZERLAND ♦

COPENHAGEN ♣

MILAN

VIENNA

STOCKHOLM

SPAIN ♥

EUROPEAN OPTIONS EXCHANGE

TOTAL VOLUME IN CONTRACTS 1046

BASE LENDING RATES

A.B.N. Bank	11½%	■ Hambros Bank	11½%
Allied Irish Banks Ltd.	11½%	■ Hill Samuel	§11½%
American Express Bk.	10 %	C. Hoare & Co.	†11½%
Amro Bank	11½%	Julian S. Hodge	12½%
A P Bank Ltd.	11½%	Hongkong & Shanghai	11½%
Henry Ansbacher	11½%	Industrial Bk. of Scot.	10 %
Associates Cap. Corp.	11½%	Keyser Ullmann	11½%
Banco de Bilbao	11½%	Knowsley & Co. Ltd.	13½%
Bank of Credit & Cmce.	11½%	Lloyds Bank	11½%
Bank of Cyprus	11½%	London Mercantile	11½%
Bank of N.S.W.	11½%	Edward Manson & Co.	12½%
Banque Belge Ltd.	11½%	Midland Bank	11½%
Banque du Rhone	12 %	■ Samuel Montagu	11½%
Barclays Bank	11½%	■ Morgan Grenfell	11½%
Barnett Christie Ltd.	12½%	National Westminster	11½%
Bremar Holdings Ltd.	12½%	Norwich General Trust	11½%
Brit. Bank of Mid. East	11½%	P. S. Refson & Co.	11½%
■ Brown Shipley	11½%	Rossminster	11½%
Canada Perm't Trust	11½%	Royal Bk. Canada Trust	11½%
Cayzer Ltd.	11½%	Schlesinger Limited	11½%
Cedar Holdings	11½%	E. S. Schwab	12½%
■ Charterhouse Japhet	11½%	Security Trust Co. Ltd.	12½%
Choulartons	11½%	Shenley Trust	11 %
C. E. Coates	11½%	Standard Chartered	11½%
Consolidated Credits	10 %	Trade Dev. Bank	11½%
Co-operative Bank	*11½%	Trustee Savings Bank	11½%
Corinthian Securities	11½%	Twentieth Century Bk.	12½%
Credit Lyonnais	11½%	United Bank of Kuwait	11½%
Duncan Lawrie	11½%	Whiteaway Laidlaw	12 %
The Cyprus Popular Bk.	11½%	Williams & Glyn's	11½%
Eagil Trust	11½%	Yorkshire Bank	11½%
English Transcont.	11 %		
First Nat. Fin. Corp.	12 %		
First Nat. Secs. Ltd.	12 %		
■ Antony Gibbs	11½%		
Greyhound Guaranty	11½%		
Grindlays Bank	‡11½%		
■ Guinness Mahon	11½%		

■ Members of the Accepting Houses Committee.

* 7-day deposits 9%, 1-month deposits 9¼%.

† 7-day deposits on sums of £10,000 and under 9%, up to £25,000 9½%, and over £25,000 9¾%.

‡ Call deposits over £1,000 9%.

§ Demand deposits 9%.

FINANCIAL TIMES SURVEY
Thursday November 9 1978

Vending

The vending industry has been working hard to recover from the poor image it earned through inefficient machinery. With a number of new innovations it is now starting to realise its growth potential.

Winning a bigger share of catering business

By David Churchill, Consumer Affairs Correspondent

HE VENDING machine ıdustry is optimistic that the rowth potential promised for ɔ long is now at long last being ealised. Changes in the workıg environment, such as more exible working hours, rising ıbour costs, and new technoloical developments, have all ɔntributed to the sector's rowth. The industry firmly elieves that the disasters of ɔrly 1960s, when "cowboy" ɔerators and inadequate techɔlogy gave vending a bad name, well as the cut-back in growth ıused by the economic recesɔn in the mid-1970s have both ɔw been overcome.

Although the development of ıe drink vending market, ɔpecially in factories and ffices, has spearheaded the rowth of the vending industry, e spread into hot-meals and ore sophisticated retail vendg machines in hotels and ıblic places has been resɔnsible for the more rapid owth of the past few years.

Trade sources estimate that e total number of drinks of l kinds that were sold through nding machines reached 3.1bn 1977, just slightly below the ak in 1973, which was hit by e rise in unemployment and s overtime working which duced the time spent at work erall.

The industry has also seen a eater concentration of more ofessional operators replacing e do-it-yourself methods used the past by companies. Mr. n Plummer, chairman of ited Vending Traders, a nationwide consortium of independent vending companies, points out that this trend to call in the specialist vending operator reflects growing company awareness that vending is a specialist subject in just the same way as the professionals are called in to maintain telephone, electrical, and plumbing systems.

In terms of volume growth and sheer machine complexity, the vending industry has come a long way since the last war when the modern vending industry was born. At that time vending machines were once again making their appearance on the streets after a temporary lull and cold storage caused by wartime restrictions and a shortage of items to sell through the machines. It was in the U.S., however, where the real impetus towards greater use of vending machines was most pronounced.

Future

It become clear that the real future of the vending industry lay in servicing the needs of the factory and office worker. The Americans had readily accepted vending machines as a popular method of buying ice-cream, carton milk, and bottled drinks. Further developments led to confectionery and soft drink machines being introduced into factories even at the height of wartime production when they were considered an essential part of maintaining worker morale. The hot coffee machine, an almost indispensable facet of American life, made its first appearance in the U.S. during 1947.

It was probably at this time that the foundations of the vending industry's traditional poor image—which are only now being overcome—were first laid. American coffee machines were imported into Britain, but because of the British preference for tea instead of coffee, they were converted to dispense tea. Unfortunately, the new tea machines—using the early forms of powdered extracts and liquid concentrates—did not produce a widely acceptable flavour. It was only later, with the wider acceptance of coffee as a national drink, that the vending industry began to make real progress.

But the prospects of rapid growth in the 1960s—aided by some extravagant claims for the reliability and effectiveness of certain vending machines—soon evaporated in the face of the reality of the market. In part, the early technology was simply not good enough to meet the claims made by the manufacturers. But a major factor was the number of operators who came into the industry with the idea of making easy money from what they saw as a boom industry without any real concern for quality, service, and reliability.

By the end of the 1960s, for example, only about a fifth of UK installations were in the hands of specialist operators, compared with some 90 to 95 per cent in America. It was no surprise, therefore, that consumer satisfaction with vending machines in the UK was low.

This disenchantment was increased by the unreliable nature of most mechanical coin operating mechanisms which only now, with more sophisticated development such as electronic controls, is there a marked degree of reliability.

The momentum in the industry during the 1970s has been largely sustained by innovations and expansion of beverage vending. But changes in eating patterns, working methods and sociological habits all point to growth in other areas.

While the U.S. is a more sophisticated vending market it is perhaps surprising that the penetration of hot drink machines in British workplaces is roughly the same as in the U.S. Although when cold drinks are taken into account the ratio in Britain is one machine for every 150 employees, compared with one for every 20 employees in the U.S.

Vending is essentially a three part industry: the dispensing of hot beverages such as tea, coffee, hot chocolate, or cold drinks; snacks like chocolate bars, potato crisps, and other pre-packed items; and hot meals.

Sales of smaller drink vending machines are rising, according to trade sources, and are at around 5,000 a year. One new development in the drinks side of the vending market is the growth of "in-cup" systems. This involves pre-measuring drink ingredients into each cup before the products leave the factory, so that the machine itself merely collects the cup and adds hot or cold water. The cup design for this system has a "lock ridge" which seals the cups into interlocking stacks for simple insertion into the machine.

Oddly enough, although this ingenious idea originated in the U.S., it made little progress until it was introduced into Britain and developed by a number of manufacturers, including the Klix division of Mars. The U.K. vending industry is, however, still largely dedependent on imported machinery demanding assessment against UK requirements. "Technical competence and the support back-up need to be critically assessed and all aspects of the performance of the hardware examined in detail," says Mr. Eddie Hutchinson, sales and marketing director of Four Square Catering and Vending.

Popular

The major growth area in vending is in factories and buildings, such as hospitals, which are open all night is in the provision of hot meals from a machine. Food dispensing machines are proving increasingly popular, helped by the enormous escalation in costs of traditional catering, particularly labour and such foods as vegetables.

With the increase in flexible working hours, overtime and shift working, there is a real need to provide a back-up food and drinks system to the conventional, manual and frequently expensive cafeteria. In many cases, however, the use of automatic dispensing machines is clearly designed to supplement other catering services such as the more traditional canteen. But the development of the micro-wave oven has proved a major step forward in providing hot meals where no suitable catering alternative is available.

As a result, new equipment is now being brought into the UK in increasing quantities to enable the consumer to buy hot hand snacks, hot fork snacks, and hot "ring-pull" canned products.

Apart from the growth in catering vending, there has also been considerable growth in non-catering areas. Cigarette machines, one of the traditional vending dispensers, are becoming increasingly popular in pubs and restaurants as they relieve harassed staff of the burden of selling cigarettes direct. Outside this familiar area there is no real limit on what can be sold by machine: everything from railway tickets, chewing gum, drinks in hotel bedrooms, contraceptives, and petrol.

Not surprisingly, men tend to be the users of automatic vending machines because most machines are sited in heavy industry. Significantly as well the highest frequency of usage is among the 16-34 age group who show great flexibility and adaptability to new systems. This reason — as well as the economic advantages of vending in certain circumstances — is likely to ensure that vending becomes even more a way of life in the 1980s.

VENDING II

A thirsty market

THE MOST frequent contact with a vending machine for most people is to buy hot or cold drinks from a machine situated at their workplace. Market research has shown that almost six out of 10 people use a drinks machine, almost twice as many as use a cigarette vending machine. While cigarette vending can attract more absolute expenditure because of the higher value of cigarettes compared with drinks, it is the drinks side of the industry that offers the most current growth for vendors—as well as the most problems.

Anyone who has ever used a drinks machine is well aware of the frustrations that can be caused by faulty mechanisms, both in the coin deposit and the mixture of tea or coffee, with or without milk and sugar.

It is such problems that the vending machine manufacturers and operators have had to work hard to overcome, while at the same time attempting to cope with rapidly rising costs both for raw materials—such as coffee—and the labour cost for serving machines.

Advantage

Drink vendors estimate that each employee wants at least two hot drinks per day, one in the morning and the other in the afternoon, although this obviously varies according to work conditions.

An office or factory employing some 500 workers, therefore, will require some two to four machines to serve them adequately.

According to the Automatic Vending Association of Britain, to gain the maximum advantage from a vending machine no employee should have to walk further than 30 yards to his nearest refreshment point. "The physical layout of the premises and the number of people employed in any one area must therefore be taken into account in determining the siting of machines," says the association. "The alternative of walking some distance to a refreshment point with consequent additional time loss might well determine the installation of a vending machine to serve 50 people or even less at any one point."

To allow for different needs, machines are built in different capacities and it is possible to choose a machine from within a range to suit a localised need. This can be a simple dispenser of ingredients for 10 people employed in the drawing office, a table-top or wall-mounted machine to serve 30 people in the transport section, or free-standing models of 200 to 1,000 cup capacity to suit the factory floor.

Machines require connection to 13/15 amp power supplies and to mains water supply lines. In certain circumstances they can be installed with header tanks to make them free of plumbing needs as in the case of the dispenser models but it is exceptional for larger models to be so installed. The machines should therefore be placed where power and water lines can readily be extended to them.

The association points out that machines should be "as close as possible" to the employees but should not obstruct work flow or access around the shop floor. Alcoves are ideal, it adds, but if the machine is required to project from the wall, then the projection must be from a wall out of the main line of traffic such as fork-lift trucks and work trolleys.

Although drink vending machines are insect proof and protected to some extent against dust, water, and odour penetration, the Association points out that they should still, as far as possible, be protected from these hazards. It suggests that the machines should be placed in well-lit areas easily accessible for cleaning not only the interiors of the machines but also their surrounding wall and floor surfaces. They should not be placed under or adjacent to steam or waste pipes where undue heat might be transferred to the machine or condensation drips fall upon the machine. They should be placed outside, rather than inside, an area where paint spraying or asbestos working is undertaken or where any abnormal atmospheric condition is present. They should be kept clear of any boilers, acid retorts, or any floor areas where production machinery might produce vibration sufficient to upset the working mechanisms.

Over the past 10-15 years, the drinks dispensed from vending machines have changed radically both in content and the way they are dispensed. A decade or so ago, at the height of the Expresso coffee boom, the main drink in vending was chocolate. But improvements in the taste of instant coffee that could be vended and a massive advertising campaign led to a swing from chocolate to coffee.

An Industrial Society survey in 1976 showed that vended coffee was claiming some 42 per cent of drink sales, vended tea 26 per cent, cold drinks 14 per cent, and chocolate 12 per cent.

But manual dispensing of tea and coffee by traditional means showed that consumers still preferred tea to coffee. The figures showed that some 50 per cent chose tea dispensed traditionally, while only a quarter chose coffee made this way.

The manufacturers, aware of this trend, have not surprisingly attempted to improve the standard of vended tea. Wittenborg Automat, for example, has introduced a fresh brew machine on to the market which, according to its market research, has brought about a dramatic reversal of the trend. It says that tea now accounts for some 58 per cent of the tea/coffee option in fresh brew machines.

"This would seem to indicate," a company spokesman claims, "that a machine is now capable of providing tea to a standard high enough to secure its preference to market that is the most fastidious as far as tea taste is concerned."

Other developments in improving the quality of drinks dispensed include the Drinkpac, a system used by Drinkmaster, a member of the Initial Services Group. The Drinkpac is a flour-sealed container whose contents form the ingredients for making a single drink of soup, tea, coffee, chocolate or cold drinks. You merely empty the contents of the Drinkpac into a cup, add hot water from the Drinkmaster machine, and the result "is a fresh, flavourful, completely hygienic drink."

General Foods' Maxpax Modular System for hot drinks

A similar method has been developed by General Foods' Maxpax vending division. It has recently launched a modular system whereby the consumer obtains a cup containing pre-packed Maxwell House ingredients and then adds hot or chilled water from a separate dispenser.

General Foods claim that 30 per cent of all new drinks vending machines sold each year in a market with an annual turnover of £140m are in-cup and that Maxpax has a 75 per cent share of the in-cup sector. Offices and small sites account for more than half of new sales. But of over 8m people using vending machines 70 per cent work in factory or factory-type locations, where in-cup systems have so far shown a lower penetration.

One of the main advantages claimed for the Maxpax modular in-cup system is its flexibility. Modules can be decentralised around a factory, various combinations to cut down on walking time or centralised to cut down on queueing. If one module is out of action, for instance, during filling, the others can still be used. Flavours as well can be individually priced. The system has a high capacity of 325 cups per module, giving 1,300 with four modules. "The simplicity and resulting reliability of the design combined with the sturdiness of the casing dramatically reduce the likelihood of vandalism," claims Maxpax.

While drinks vending machines are obviously more economic and efficient for larger groups of employees, the smaller company or branch office, with a fixed staff of between 10 and 30 people, is being catered for by a number of manufacturers.

The Four Square Catering and Vending division of Mars the multinational confectionery group, has just launched a tailor-made system to meet the needs of the small company. The Klix system 1500 table-top machine has a drinks dispenser that can offer a wide variety of hot or cold drinks at a cost that can be easily controlled.

The system fits onto a table top although it can also be supplied with its own metal base or lockable cabinet for the storage of ingredients.

Although the technology and design of modern drinks vending machines has improved out of all recognition over the past decade, some machines still have their problems. One U.S. manufacturer has installed in a machine a special recording of a pleading feminine voice which plaintively says: "Please don't kick me if I go wrong"—when the coin is put in.

David Churchill

Rival for the canteen

THE DISASTROUS consequences for most employees' living standards of pay controls and an economic recession in recent years—at the same time as sharply rising prices—has given the traditional company "perk" of a subsidised canteen an increasing value.

About eight out of every 10 workers now have the benefit of cheap food on the company's premises, according to a recent nationwide survey. Despite the inevitable grumbles over quality, few would care to give it up.

Most workers would agree that a three-course meal for about 50p is excellent value, compared with at least £1.50 in an outside restaurant.

But while employees savour the benefits of subsidised catering, British employers are counting the cost. Dramatic increases in food prices, especially for meat and vegetables, and higher "unskilled" earnings, mean that traditional works canteens are running at a sizeable loss.

Mainly for this reason, the major automatic vending and catering organisations in Britain are optimistically predicting a big shift towards "meals from the machine." A hot lamb and vegetable casserole or a beef curry served up on a plastic plate from a tin can that has been dispensed from a vending machine may not be every employee's idea of a favourite mid-day meal, but soon it may be his only choice.

Since the early days of automatic vending in the 1960s, the market in Britain has been fairly static. This was largely due to the unreliablity of early vending machines. Poor technology was aided by unscrupulous operators trying to make easy money without providing the essential back-up service.

Also, the economics of vending machines have until recently tended to compare unfavourably with existing canteen facilities, where all the capital costs have already been incurred. But pay increases for manual workers give automatic catering the chance to come into its own.

Convenience

In the United States, automatic vending it almost a way of life. If that is any guide—and it probably is—it means that machine vended meals in Britain will soon take off. Hot meal machines take vending squarely into the convenience food area, for example where meals are pre-cooked and then frozen for transfer into refrigerated vending machines. From there, they can be removed by an employee and heated rapidly in an adjacent microwave oven.

An obvious advantage of these is that the number of kitchen staff can be reduced substantially, since food can be prepared throughout a full working day instead of having to be compressed into a short production time. In addition, food stored on plates in refrigerated cabinets can be available for example to a night-shift in a factory with only a nominal canteen staff. Also, because convenience foods are

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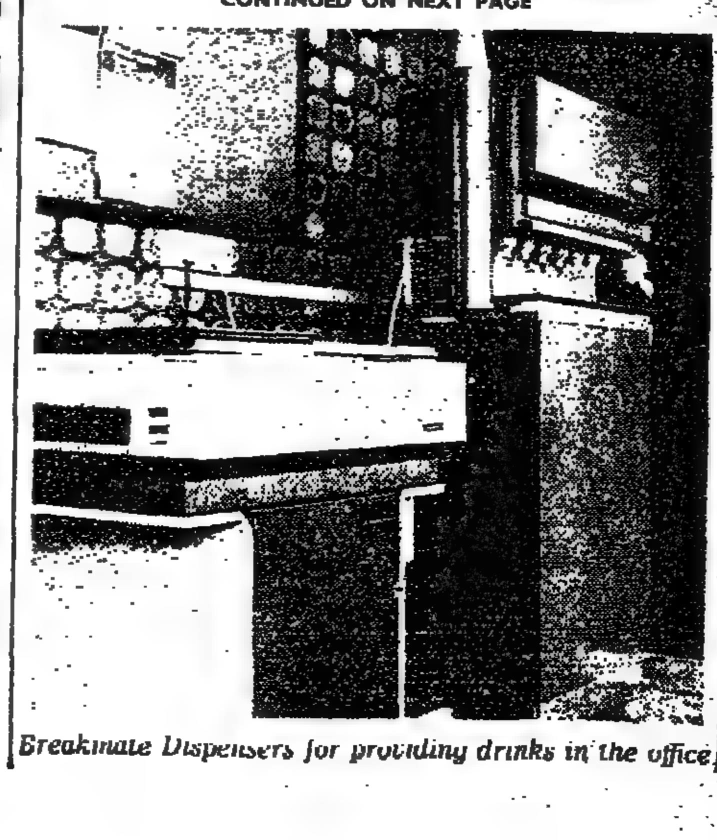


Breakmate Dispensers for providing drinks in the office

Improvements in design

[VE]NDING TECHNOLOGY has [co]me a long way since the [Gr]eek mathematician Hero [dev]ised a mechanism for [Eg]yptian temples in 215BC to [dis]pense a measured quantity of [holy] water upon the drop of a [coin].

[In] Britain there are now [mo]re than 2.5m coin-operated [ve]nding machines of which over [..]000 sell vended commodities [such] as cigarettes, chocolate, [dri]nks, tickets and other con[su]mer durables.

[In] the UK the market is [dom]inated by companies like [GK]N Sankey and the Danish [gro]up Wittenborg. Sales from [ve]nding machines reached [..]0m a year for commodity [ite]ms alone in 1976.

[T]he beverage vending sector [acc]ounts for something like 80 [per] cent of new sales and it is [est]imated that in 1976 about 3bn [cu]ps of drink were sold from [the]se machines.

At present the Automatic [Ve]nding Association of Britain [be]lieves the market is showing [ren]ewed signs of growth, corres[po]nding to an increase in [bu]siness confidence. Between [..]000 and 12,000 new industrial [bev]erage vending machines were [bo]ught last year together with [bet]ween 5,000 and 6,000 new [..]ce in-cup dispensers.

The major areas of technolo[gic]al improvement are the in[tro]duction of sophisticated elec[tro]nics, especially for coin [me]chanisms, wider ranges of [foo]d, better food and drink [flav]ours and the rapid accept[anc]e of glass fronted merchan[dis]ers.

The advent of micro-circuits [usi]ng "chips" similar to those [fou]nd in calculators and elec[tro]nic watches has, during the [las]t few years, revolutionised [the] design of vending equip[me]nt. Micro-circuits are being [inc]reasingly used to control not [me]rely the metering of coins [but] also the dispensing of food [and] beverages.

While the coin systems in [cig]arette and confectionery [mac]hines remain, and are [lik]ely to remain, primarily based upon mechanical principle there is an increasing use of electronic systems for the more advanced and complicated food and beverage dispensers.

Such electronic systems have considerable advantages over their predecessors and are important not only because they reduce the risk of jammed mechanisms, which cause frustration for the customer, but also because they can reduce operating and maintenance costs. The operator clearly stands to do more business if he has a machine which spends less time jammed.

The importance of efficient metering systems can perhaps be gauged by the fact that Wittenborg, which takes second place to GKN Sankey in the UK market share line-up, estimates that its electronic metering devices are subject to a failure rate of 3 per cent. This compares with a failure rate of 30 to 40 per cent for some mechanical systems. The success of automatic vending systems is largely based on two factors: operating costs, which may be significantly lower than the labour costs of a tea lady, for example, and the ability of the machine to deliver the goods.

The traditional preference in some areas for the tea lady or "tea-run" to the canteen is often based on experience of old-fashioned machines which reject or simply swallow up coins without delivering the goods coupled with the problem of saving the right coins to operate the machine. Electronic systems can eliminate all of these problems.

Mechanical systems must be finely balanced to distinguish the genuine coin not only from the coin of the same size but different weight, but also from the coin with the same weight and different shape or size. Electronic tests can do this accurately and without the need for moving parts, themselves often a cause of jamming or breakdown. Electronic systems are based on magic eyes which scan for size and magnetic fields which can determine composition. The coins can then be counted and, if require, can work out customer change.

They can also be wired for remote readout for example in a reception area. Among the market leaders in electronic coin technology is Mars Money Systems which won a design council award this year for its Cashflow Mastermind product, and expects to sell 20,000 coin units this year. The company produces two basic Cashflow systems, the Totaliser which is a four coin unit offering three or four prices primarily designed for the beverage dispenser, and the Mastermind system which is based on five-coin acceptance and can cope with 12 separate prices.

Workers at the Raychem factory in Swindon selecting their lunch from a bank of Vendepac machines

Disadvantage

The Cashflow series is based on the braking effect when a coin passes through a magnetic field. With only two moving parts the company claims the system has optimum reliability and performance. Some 40,000 Cashflow units are installed in the UK and overseas including, for example, not only drink and food vending machines, but also ticket machines on the Madrid, London and Glasgow metro systems.

The disadvantage of the system is that it cannot cope with ferro-magnetic coins like those found in Germany and Belgium. The company has therefore developed a different system (based on dual frequency inductive sensors) called the Münzmatic series which also incorporates a self-replenishing change facility controlled by the same electronic chip.

Apart from weight recognition both these systems also check size and shape using infra red and photo electric cells and sensors, thus eliminating the problems of multi-faceted coins like the 50p piece.

The Mastermind system is a further refinement enabling the use of more coin denominations and prices. It is particularly suited to the growing market for glass fronted vending machines. This is perhaps the area which is showing the biggest expansion at present in the UK. These "shop window" machines provide the customer with greater choice and it is claimed by AVAB can result in a tripling or quadrupling of sales volume.

These brightly lit dispensers sell everything from books to gramophone records (often at widely different prices) as well as the more conventional cigarettes, sweets and snacks. As change giving capacity is increasingly incorporated (this has already happened in the U.S., Germany and Japan) these machines will offer the opportunity to automate large parts of stores.

At present there are two basic designs for glass fronted merchandisers, the hook variety where packages are suspended from a moving belt and the rotating spiral design. Both offer greater product flexibility and potentially higher customer sales. The bigger machines can hold up to 550 separate items comprising of up to 36 different varieties of goods.

Electronic systems can also be used on the dispensing side of equipment to measure accurate quantities of power, control temperatures and serve a variety of other functions. Further steps in this field of technological advance, including the use of micro-computers, are now being widely predicted within the industry.

One relatively new development in the field of beverage dispensers is the provision of "fresh-brew" tea and coffee. This trend, which has been imported from the U.S., is now gaining acceptance in the UK although the use of instant coffee in the home has tended to slow the demand for fresh coffee machines and concentrated demand in this area for fresh-brew tea dispensers.

To make real tea the machine has to extract the flavour from the tea leaves in about 15 seconds. To do this extra fine leaved tea is required together with a careful control of water temperature, accurate measuring and timing. Once again it is electronics which has made this precision possible and provided the alternative to soluble tea essence.

If vending machines really do become capable of providing a product which is an adequate substitute for the traditional "cuppa" the potential economies to the caterer are clearly enormous.

Vending machines replace not only sales staff but are also more economical in the use of ingredients since these are accurately measured to provide just the right brew without wastage.

To make further economies in operating costs many machines now use in-cup systems where the beverage has been measured and sealed into a plastic cup before being placed in the vending machine.

Traditional

In-cup systems have several advantages over the traditional vending machine and this is now a clear growth area for the industry with more manufacturers entering the industry on the in-cup system trend.

It is cheaper to fill cups away from the machine in labour terms: in-cup systems avoid the need to fill canisters with powders and are more hygienic. In-cup systems also have the advantage of enabling the machine to be made smaller and with less complex engineering.

Vending machines, and in particular the shop window variety, can also be refrigerated and tied in with a microwave oven to provide complete canteen services. This is of particular advantage in places where there are night shifts or in places where normal canteen facilities are difficult to run.

Microwave systems have therefore found markets in hospitals and shift-work factories although in this respect the growth in the use of microwave dispensers has perhaps been checked by the sluggish economy in the UK and in particular by the absence of large-scale overtime working.

They do, however, require a certain amount of sophistication in the original preparation of the food.

First the meal must be cooked and then rapidly frozen using perhaps a blast freezer. Before being placed in the dispenser the temperature must be increased to about 4 degrees centigrade and then held there accurately in the vending machine. If the temperature is too low the food will be served tepid.

Since microwave ovens heat food at different rates the initial cooking and preparation must be done carefully. Cabbage must be slightly undercooked, potatoes must be spread thinly on the plate, sauces made thicker than usual to prevent boiling, and egg yokes prevented from overheating in the oven.

Clearly therefore the microwave vending machine is not at present a substitute for a canteen although it may be able to offer eating facilities which would not otherwise be available.

At present there are four basic microwave oven systems available, push button, dial, token and a system linked to a refrigerated merchandise. As an alternative to pre-cooked food on plates some hot food systems now operate with tinned instant dinners supplied by food manufacturers which dispense with the need for the skills of a good in-house kitchen. These tins have a foil cap which can be removed with a ring pull by the customer and can dispense spaghetti, sausage and beans and other quick snacks.

Paul Taylor

Canteen

CONTINUED FROM PREVIOUS PAGE

normally used for this sort of catering, less preparation is required and thus less space for storage and equipment is needed.

Another application is for refrigerated vending machines plus a microwave oven to be located at several points within very large factories, with supplies coming from a central kitchen. Many different selections can be housed in this type of machine and each one can be large enough to cater for upwards of 100 people.

Machines producing hot meals in sealed cans, on the other hand, are widely thought to be more readily suited to the small company with up to 120 employees, where it may not be economical to set up full canteen facilities.

Apart from the use of machines in leisure centres the industrial use of machine catering is now growing. This is put down to the flexibility of a machine and its ability to serve a small group of people in an isolated site.

Hospitals and bus depots are contrasting examples of areas where there is a steady but irregular flow of people needing meals at all hours of the day and night, but there are many other sites where machines are being installed. Where a group of workers can be easily identified as a unit within a factory, then a machine complex can be tailored to suit their individual needs.

Although the machines are not really designed to take over from the traditional factory canteen, serving perhaps 2,000 meals in 90 minutes, they come into their own for the small engineering factory which would find it impractical and uneconomical to set up catering facilities but wishes to provide some amenities for its workers.

The choice of equipment will be determined mainly by the extent of choice required and the density of use—machines are far more able to cope with staggered breaks than concentrated use. It is estimated that only about a third of a workforce would want the facilities, so installation costs have been worked out on that basis. For a workforce of 100, therefore, a machine designed to cope with just over 30 is thought to be adequate and would cost between £4,000 and £5,000 to install.

This would' be capable of feeding more but would require staggering, and increased choice would lead to increased cost. Once a factory of 500 is in question then probably three bays, perhaps sited in different parts of the building, may be involved, costing over £10,000. However, they can often be far cheaper than employing catering staff, and they do not go on strike. They do break down, however, but the large companies have engineers all over the country and claim that servicing is now rapid and thorough.

GKN Sankey are one of the major manufacturers of hot meal machines. Its systems give flexibility by allowing maximum scope for selection and preparation of quality menus with complete portion, cost and cash control. Items can be plattered, wrapped, and loaded directly or, alternatively, pre-cooked deep frozen meals can be brought in and re-heated.

Not surprisingly, the major companies and local operators are very ready to advise on the installation of a new system and a factory does not have to buy its own equipment.

Mr. Jim Roberts, managing director of the Vendops company, points out the flexibility of installing, servicing and maintaining vending equipment for clients on an agreed contract basis. "In the present economic climate with capital not easily available, it often makes sense to use a contract operator using his own machines to provide a service. Our job is to take vending off a company's back and eliminate the snags which come with holidays and staff problems."

Development potential in food vending is thought to be great, especially as factory managers look for more economical ways of providing food and customers try to avoid the rises in meal prices. Viability must always be measured against present costs, and no doubt union representatives would wish to be consulted before losing their favourite egg, sausage, beans and chips.

It is likely that some of the barriers on food types will be overcome fairly soon. Certainly food companies and vending operators constantly attempt to widen the choice. While vending machines may never completely replace the traditional canteen, therefore, it seems likely that they will become a more general feature of industrial life than before

D.C.

VENDING IV

U.S. companies still dominate the field

THE UK vending industry has yet to throw off the still very strong U.S. influence which has pervaded the market for more than 20 years—for while technology is making rapid strides both here and abroad, the British consumer has been slower to feed pennies into a machine in return for instant food, drink or tobacco.

GKN Sankey is still the manufacturing market leader, making most of the machines it distributes, but under licence from Vendo Corporation in Kansas, U.S. The company—sub-group of the GKN group, still brings machines in from the U.S. where volume demand is such that manufacture in the UK is hardly worthwhile.

Vendepac, which claims to be one of the leading vending machine operators—is a service of Four Square Catering and Vending and a subsidiary of Mars, the confectionary and pet foods group. Along with Eurovend (part of ARA, formerly known as Automatic Retailers of America), they are probably about the only two operators which can claim to be "national" in the UK.

So before even scratching the surface of the industry too deeply, U.S. companies can be seen to enjoy a certain supremacy across a broad front.

Even the Ditchburn Organisation's vending machine operations, after a brief honeymoon with British Electric Traction group, fell to an American company, National Vendors of the U.S. which is part of UMC Industries—one of the largest U.S. manufacturers of vending equipment.

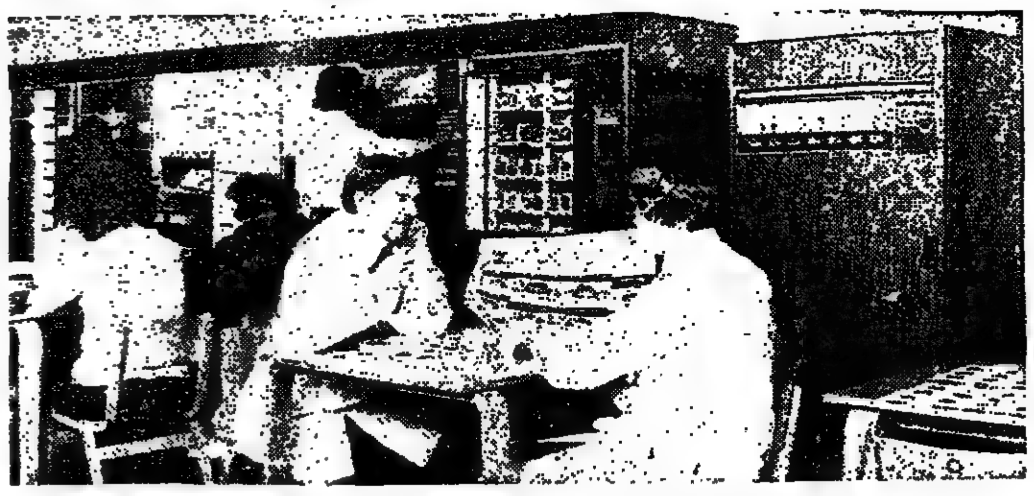
The European companies have also struck up business in the UK with considerable success. One UK offshoot of the Danish Wittenborg group, Wittenborg Automat, managed to change vending operations in midstream and with little more than a mild hiccup. For more than 30 years it made cigarette vending machines and in the early 60s when the anti-smoking lobby began to hail strong warnings the Danes rebuilt business around the drinks vending machine market with its first successful launch in 1963. Wittenborg now provides strong competition for GKN Sankey.

The UK vending companies have sprung from small and often obscure beginnings. Blackwood Hodge, one of the largest distributors of earthmoving equipment in the world, has a vending machine offshoot called Vendops. LRC International, which makes Durex contraceptives and Marigold rubber gloves, launched a vending offshoot called Autonumus.

Autobar group with its offshoot, Autobar Vending Supplies, belongs to the select group of privately owned companies. From small beginnings in 1957 when its blending machines were imported from the U.S., Autobar has grown into a multi-product company. It claims to be Europe's largest complex of companies in the business of supplying over 500 drinks and disposable items and has six factories and 40 service and supply depots dotted throughout the country.

In 1966 it introduced the Princess Vendor, the first hot and cold machine, on to the market followed by the Oasis which offered 17 drink choices (now modified to 20). Like other companies in the field Autobar began distributing products for use by their leasing companies.

Around the same time as the Princess was launched, Chequer Foods was formed to make instant products for vending machines such as tea, coffee, chocolate, skimmed milk and sugar. The following year the Autobar Vendabeka factory was commissioned to provide the group with plastic disposable cups. Production has risen from 100m cups a year to 32m cups a week which Autobar estimates is around 50 per cent of the market.



GKN Sankey food machines in use in a works canteen

All these companies use machines with built-in electronics. This is where contraction of the UK market has been more noticeable. The Gloster Vending division of Hawker Siddeley was shut down when expected profits failed to materialise. GKN Sankey picked up some of the remains by agreeing to service the Gloster machines already out on rental.

Ditchburn's vending business was losing money when it was sold to National Vendors for under 1m. This was one of the major reasons for GKN Sankey's virtual monopoly on the vending machine market until the late 60s. It too has diversified its operations, taking in manufacturing, selling and, more recently, started its own ingredients division as well as its own finance company which offers a consultancy to self-operated sites.

Autobar also offers financing through its two companies—Vend Finance and Perry Wood Finance, which arrange leasing and long-term purchase schemes.

The vending machines that have been around longer than the electronic machines are the cigarette and chocolate bar venders used commonly in public service areas, hotels, bars as well as offices. These machines are popular—particularly cigarette-vending machines. Unlike a nicotine-starved employee, machines do not steal and with the rising costs of cigarettes they tend to run more profitably than behind-the-counter sales. There are two major manufacturers in the UK which make this kind of machine, Barber Weston and Dean Vending.

Today's vending machines are no longer simple. From one machine you can now get hot and cold drinks. A microwave can heat a deep-frozen pizza ready-to-eat in 40 seconds. Fresh fruit, curries and now hot chips from a vending machine in less than a minute are but a few of the services available from a press-button machine.

Colleen Toomey

Cigarettes and sweets are retail leaders

IN THE early 1960s the vending revolution that seemed imminent looked likely to take place in the world of retailing where the vending machine would provide the ultimate in self-service. The fully-automated shop selling a variety of groceries and household goods had already become a reality: it seemed that nothing would stop its spread.

But, as it turned out, the vending revolution when it materialised came about in the field of drinks and hot-meals provided mainly for employees rather than in the retail field. The problems of technology and servicing proved too great to make the retail outlet a viable prospect. Companies were more able to afford the cost.

*But while the growth in re*tail and other non-catering vending has not been dramatic the traditional market of cigarette and sweet vending has continued to grow steadily, joined by new developments such as in the provision of petrol, detergent, contraceptives, and sparking plugs. In sales terms, but not volume, the non-catering vending market is larger than the catering vending sector—mainly due to the growth of high-value products such as cigarettes.

Of the 2.468m coin operated machines in daily use in the UK—with 20,000 new machines being manufactured each year—nearly half were selling vended commodities such as cigarettes, chocolate and drinks. Slightly less were offering vended services such as parking meters, launderettes, and weighing machines: some 300,000 were amusement and gaming machines: with the rest Post Office machines.

There are some 4.7m coin operated gas and electricity meters in use.

The use of vending machines in non-catering areas has had a long and chequered history. The railways were early users of automatic vending systems, whether for the sale of platform tickets—on the London Underground—or on the platform in the shape of cigarette and chocolate machines.

But, as the Automatic Vending Association of Britain points out, with the staffing problems faced by many concessionaires on railway property—which has forced the closure of many sales kiosks—the vending machine has provided the solution to keeping the public supplied. Already self-service ticket machines and coin-operated left luggage lockers have been installed at many stations.

But the familiar area for most people in non-catering vending are the cigarette and sweet machines.

Cigarette sales through vending machines are now well over £100m and thus ensure that the vending market is treated with considerable respect by the tobacco companies. The problem of frequent price change—the tobacco retail market has been going through a fierce price war during the past two years—means that the operators have insisted on the introduction of more flexible systems to take a variety of coins. Price *changes* have also been helped through technological developments such as more sensitive electronic controls.

But whatever the price fluctuations in cigarettes due to short-term marketing considerations, their relatively high value makes them an economic proposition to sell through vending machines.

Handling cigarettes is also inconvenient for the publican or restaurant staff and creates problems of security for the extra cash handled. Often pubs selling cigarettes off the shelf have to operate two cash tills in order to keep track of the differing levels of income derived from drinks and tobacco sales, thus introducing an extra operation for bar staff to carry out. It also introduces an extra opportunity for dishonesty on the part of bar staff, especially if they are only casual, short-term employees.

Installing a machine ends the inconvenience and passes on the problem of security on to the machine's operator. And these advantages are increasingly being recognised in the catering trade.

Cigarettes are quite clearly the most important part of the non-catering vending sector. But what the other areas lack in volume and financial sales, they make up for in diversity. There is really no limit to what can—and is—being sold by machine. Railway tickets, stamps, chewing gum are familiar products sold by machine. Contraceptives, drinks in hotel bedrooms and other areas reserved for guests, and petrol are among the products increasingly being offered for sale.

Where such machines are, for instance, being installed in hotel foyers they are usually programmed to accept wide range of coins so that staff time is not taken up in needlessly supplying change. And prices are often slightly higher than in shops because of the need to round up in price (manufacturers are never likely to round down) as well as operators deciding that a captive market (when normal shops are such) is willing to pay a premium for the costs of operation.

Magazines and flowers are among the many other products that can be found for sale through machines that has pushed this sector of the trade well above £300m in turnover terms.

The future for such vending machines must be strengthened by the fact that labour costs can only go on spiralling upwards, making self-service machines more viable. More and more people, especially in hotels and the catering trade, are unwilling to work unsocial hours unless the payment is high. Hotels are therefore increasingly reluctant to continue with such services on a manual basis.

One vended service in hotels that is becoming increasingly popular is shoe cleaning. This is currently being marked on a number of selling points, including the rather negative factor that if a hotel guest has a cleaning machine there is unlikely to be much spoiling of towels or even bedclothes. People are only willing, according to market research, to spend under a minute on shoe cleaning so the automatic shoe cleaning machines have a cleaning time of anything from six seconds to 15 minutes.

The increasing load of tourist traffic at main-line stations and airport terminals has forced manufacturers to take a new look at machine design. The essentials are now a simplicity of operation coupled with the ability to vend products of all shapes and sizes over a wide range of prices as well as a change-giving facility.

One new development at Heathrow Airport, for example, is the Bic razor available through machine for travel-weary passengers. The razor kit—comprising a razor, a tube of shaving cream, and a face-wipe—is available from 25 sites at a cost of 30p. This is believed to be the first time a razor has been marketed in this way, Bic claims.

And three leading manufacturers of confectionery and snack foods have just teamed up with one of the country's biggest vending machine companies to launch a new concept in "automatic shops." The new snack vending system is claimed to offer a number of major advantages over existing equipment on the market.

The consortium comprises Cadbury's of Bourneville, Golden Wonder, Wrigley, and the Autobar vending company.

Using a machine imported from Germany, the Wurlitzer Snack 25, the consortium claims to have overcome many of the problems which have hampered some vending operations in the past.

But there can be problems with automatic vending machines—and one of the main ones is vandalism. Manufacturers have concentrated their design improvements, therefore, on ensuring that both the product and money is made secure.

D.C.

مكتبة من الأمل

FARMING AND RAW MATERIALS

U.S. futures merger plan rumoured

By Our Commodities Editor

A REPORT that the Chicago Mercantile Exchange and the New York Coffee and Sugar Exchange were considering merger talks was greeted by a "no comment" from both Exchanges yesterday.

Mr. Clayton Yeutter, president of the Chicago Mercantile, however, said if any announcement was to be made it would come at a Press conference scheduled for today.

A spokesman for the New York Exchange confirmed that a board meeting was being held, but added it was a regularly scheduled meeting. "There's been an awful lot of speculation," he added.

Chicago Mercantile is the second biggest commodity futures exchange in the world, after the Chicago Board of Trade. It has been growing rapidly in recent years with the introduction of new contracts not only for traditional agricultural products but also monetary markets' interest rates and foreign currencies.

New York Coffee and Sugar is one of the four exchanges that moved into the World Trade Center building under the umbrella of the Commodities Exchange Corporation. However, all the four exchanges operate independently. Recently the New York Copper Exchange confirmed it was holding preliminary merger talks with the New York Stock Exchange.

The Chicago exchanges took the lead in introducing monetary futures markets, but New York, the main financial centre is now anxious to catch up and the American Stock Exchange recently launched a rival interest rates futures market.

USSR reports 'splendid' cotton crops

MOSCOW, Nov. 8.

THE SOVIET UNION, earlier worried about the effect of slow harvesting and rain on its cotton crop, reports "some splendid successes" in its main cotton growing area of Uzbekistan.

The Republic's official newspaper "Pravda Vostoka," said 95 per cent of the planned harvest had been gathered by November 3.

Plantations in Uzbekistan, which last year yielded 5.7m tonnes out of an overall Soviet total of 8.8m tonnes, had harvested almost 4.9m tonnes of cotton by last week, it said.

Last month the Soviet Government newspaper Izvestia said the harvest was lagging well behind compared with the same time in 1977. Reuter

Further rise in cocoa prices on Ghana fears

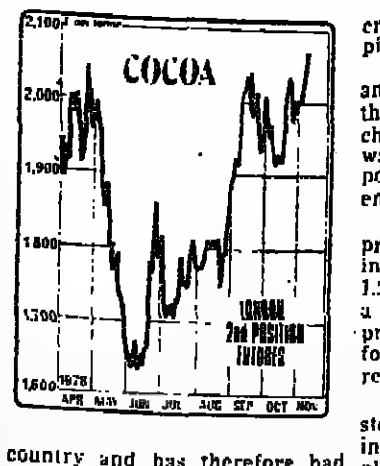
BY RICHARD MOONEY

CONTINUING CONCERN about the situation in Ghana prompted a further rise in London cocoa futures prices yesterday.

Tuesday's announcement that the Government had taken emergency powers to combat a recent wave of industrial unrest boosted nearby positions by up to £38 a tonne and by yesterday's close the March position had added another £26.25 to reach £2,084 a tonne—the highest second position closing level for more than seven months.

Dealers said the upsurge in prices was mainly due to speculators covering against earlier short sales in view of the uncertainty of the situation. Bad weather in Nigeria, absence of producer selling and a rumour—later denied—that the Shah of Iran had been assassinated all added to the upward pressure.

The taking of emergency powers entitling the Ghanaian Government to outlaw strikes would appear to have basically "bearish" implications for prices. But the news has evidently been taken in most market quarters as confirmation of the gravity of the industrial situation in the country and has therefore had the opposite effect.



Dealers noted yesterday that there was so far little sign of Ghanaian cocoa moving towards the ports for shipment. By this time, they said, the cocoa should be beginning to come through in increasing quantities.

Movement of Nigerian cocoa has also been hindered by heavy rains there. The rain is not however, expected to damage the crop, which has already been picked.

The "bearish" implications of an announcement by Hershey of the U.S., the world's biggest chocolate manufacturer, that it was raising the price of its most popular chocolate bar was apparently ignored.

The company is lifting the price by 25 per cent and increasing the weight from 1.05 oz to 1.2 oz. This effectively means a 9.3 per cent increase in the price per ounce and is therefore likely to lead to some reduction in consumption.

Cocoa prices have been very steady in recent months reflecting gloomy projections for supplies in the coming season. The most recent assessment, published by Inter Commodities earlier this month, put the 1978/1979 world crop at 1,356,000 tonnes, 115,000 lower than in the 1977/78 season.

At the same time consumption was forecast to rise by 2-3 per cent to 1,380,000 tonnes leading to a deficit, after allowing for loss of weight in processing, of 38,000 tonnes.

Decline in distant water fishing

BY RICHARD MOONEY

BRITISH FISHERMEN seem to be doing quite nicely in near and middle waters this year, judging by figures published by the White Fish Authority yesterday.

But the increase in this area has been more than outweighed by the continuing decline in distant water catches.

During the first eight months of this year U.K. fishermen caught 75,835 tonnes of cod in the North Sea compared with 48,692 tonnes in the same period last year. This has led the Authority to forecast that the British cod catch in the North Sea this year will be the largest since 1972.

Bigger North Sea catches were also recorded for whiting, up 32 per cent to 30,513 tonnes, and sole, up 37 per cent to 418 tonnes.

The haddock catch declined, however, by 31 per cent to 51,083 tonnes, while the take of plaice fell four per cent to 22,308 tonnes and sprats seven per cent to 55,598 tonnes.

The Authority says total British catches in near and middle water fishing grounds increased by 20,000 tonnes or 80 per cent in the second quarter compared with the same period of 1977. After a seven per cent increase in average prices the total value of this catch rose by 92 per cent to £18.3m.

The fleet's performance in distant water grounds was far from encouraging, however. During the April/June period the catch totalled only half the 1977 level at 31,891 tonnes. This was partly due to a 40 per cent cut in fishing effort and partly to a reduction in the catch rate.

Thanks to a rise of 19 per cent in average prices overall value declined by only 40 per cent to £8.7m.

The figures take no account of mackerel which last year overtook cod as the major quarry of the British fishing fleet.

A British Fishing Federation spokesman said that the industry's main problem after the switch to 200-mile national limits was in adjusting from a predominantly distant water fishery to one based mainly on near and middle waters.

Norway-EEC talks fail

BRUSSELS, Nov. 8.

NORWAY AND the EEC have failed to reach agreement on reciprocal fishing rights for next year, diplomatic sources said today.

A second round of talks has been scheduled for next week.

The two sides are trying to agree by mid-November, in time for the EEC Commission to draft proposals for Community Fish Ministers meeting here on November 23 and 24.

Besides negotiating complex issues involving fishing zones, catches of each species and conservation, the EEC and Norway, one of Western Europe's major fishing nations, have divergent approaches, the sources said after the first round of talks this week.

EEC lifts sugar crop estimate

By Our Commodities Staff

THE EEC Commission yesterday raised its estimate for Common Market sugar production during 1978-79 to 12,217,000 tonnes raw value.

This is 125,000 tonnes higher than last month's estimate and well above the original forecast of 10.7m tonnes. The 1977-1978 output was 11.5m tonnes. The rise is attributed to better crops in France, Italy, Holland and the UK.

However, exports are still predicted to be lower than last season at around 2.3m tonnes of white sugar and 250,000 tonnes of raws.

Nevertheless, at yesterday's weekly selling tender, the Commission raised export authorisations to 49,040 tonnes of white sugar against 31,470 tonnes last week. But no offers were received for raw sugar after 35,000 tonnes last week.

The maximum export rebate was raised from 24.039 to 24.44 units of accounts reflecting the easier trend in the world market.

The London daily price for raw sugar was cut by £1 to £104 a tonne yesterday, and futures values also declined, partly on news of the higher than expected EEC export sales.

Erratic trend in metals

By Our Commodities Editor

IMPROVED DEMAND, particularly from the U.S., brought a rise in zinc values on the London Metal Exchange yesterday, while the price of its "sister" metal lead fell.

There was a similar contrast between copper and tin. Copper values moved ahead, although losing ground in late trading. But tin fell for the third day in succession reflecting another decline in the Penang market overnight from the all-time peak reached on Monday.

The International Lead and Zinc Study Group confirmed its latest statistics out yesterday that stocks of slab zinc held by producers have fallen sharply this year, mainly due to production cutbacks.

They were 443,000 tonnes at the end of September compared with 829,000 tonnes at the beginning of the year. Production fell in the first nine months by 2.2 per cent to 355,000 tonnes.

Lead stocks held by producers have declined 15,000 tonnes to 188,000 tonnes in the first nine months of the year, but output was only marginally lower at 2,809,000 tonnes.

Copper was boosted early in the day by strong buying from West Germany.

SPANISH AGRICULTURE

Citrus growers are feeling the pinch

BY A CORRESPONDENT

THE FRENCH seamen's strike that has kept Spanish citrus from reaching Britain is a further setback to an industry which, with the export season in first gear, already had enough to worry about — including a strike by pickers.

Producers, especially the smaller ones, are being squeezed by exporters who, having to divert fruit intended for the UK to alternative markets like France and Germany and seeing the extra weight pushing down prices in those countries, trim their buying accordingly. Because of this growers complain that the offers being made to them do not even cover the cost of bringing the fruit to maturity.

The question of subsidies is thus much to the fore. But these, though substantial, still fall short of satisfying producers.

Wages and social security charges have risen so steeply that for many small growers it has become impossible to afford to employ labour. When age and illness overtake such people and they can no longer work manually, their lives as producers must cease.

The problem is compounded by the rising price of land. In the Valencia region, the country's major citrus belt, unplanted irrigated land has been bringing the equivalent of £5,000 to £7,500 an acre, and several times as much when it is in production. In four years, the average price of Valencia citrus land has trebled.

Where it exists alongside farming, the tourism that Spain thinks of as its particular economic miracle has served to hoist land values beyond the reach of farmers. Holdings are often too small to be economic yet hopes for expansion are becoming ever more remote.

But it is not just tourism. Spain's rate of inflation, running at about 30 per cent a year, is so high that buying land has been considered one of the few sure ways of staying ahead of it although the higher values go and the further behind they leave the possibility of agricultural usage the more questionable this form of hedging becomes.

Blessing

Amidst its woes, the citrus industry has not quite forgotten how to count the odd blessing that comes its way. One somewhat negative blessing that is being acknowledged at the moment is that the drought that has affected much of Spain this year and left fruit smaller and less saleable than normal has had even worse effects among other Mediterranean countries—especially in Spain's arch-competitor, Morocco.

It has been noted with satisfaction that smallness may preclude a certain tonnage of clementinas from being exported by Morocco this season. Earlier, it had been estimated that sales abroad from that source would total more than 183,000 tonnes of clementinas compared with last year's 164,000.

Further satisfaction provided by news from France — more privy than Spain to the former protectorate's doings — is that Morocco has signed contracts to supply Saudi Arabia with 40,000 tonnes of citrus this year and Poland with 25,000, while the re-negotiating of a contract with Russia is expected to account for a further 200,000 tonnes of fruit that would otherwise be competing with Spain's in Western Europe.

In round figures, Morocco's citrus production of slightly more than 1m tonnes is a third of Spain's, and the amount exported, about two-thirds of the total, is in the same ratio.

Champions of Spain's hopes for EEC membership have habitually declared that however unready the country's manufacturing industries may be for all-out competition, its farm products would more than excel if they were on equal terms with those of such Community members as Italy and France.

Where Morocco and its citrus are concerned, however, the confidence is less fulsome, for Moroccan exports are expanding on the basis of prices in the producer that are much lower than those which are held to be at crisis level in Spain.

Germans to back milk quotas

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

BONN, Nov. 8.

EUROPEAN Community farmers must be responsible for regulating milk surpluses themselves. This is the policy to be adopted by the West German Farmers Union, according to its president, Baron Heeremann, speaking here today.

His suggestion was that firstly there should be a co-responsibility levy applied to all milk, the proceeds of which should be used to finance means of expanding the dairy market.

Then all production over the level required for maintenance of marketable supplies should be penalised by a lower price. As an example he suggested that German milk should be paid for on the basis of 80 pfennigs for the quota and 35 for the surplus.

The basis for farmers' production would be present output, a proposal certain to be resisted strongly by British farmers who are trying to reduce their dairy deficiency, and by the Irish who are trying to increase output still further.

Nevertheless, Baron Heeremann stated that in his opinion a continuation of the present overproduction could in the end lead to the destruction of the Common Agricultural Policy. The subsidised EEC exportation of dairy and other surplus production was so damaging to world trading relations that it could not go on.

He thought that in the end the farmers in the rest of the Community would come to agree to this as the least harmful of the policies available.

Baron Heeremann's suggestion is confirmation of rumours that European farm leaders were beginning to think along these lines. Sir Henry Plumb, NFU president, is also believed to be in favour.

Critics will point out that to fix quotas on present output will certainly suit Germany where production is well over foreseeable demand.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Higher on the London Metal Exchange as forward metal moved up £782 to £787, responding to German buying and the lower level of sterling. But in the afternoon Comex moved lower after a steady start and London followed, moving down to £775 before closing on the Kerb at £780.5. Turnover 17,475 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	765-.5	+8.25	763-4	+4.5
3 months	786-.5	+7.5	783-4	+3.75
Settlem't	766.5	+8	—	.....
Cathodes				
Cash	753.5-4	+7.5	750.5-1.5	+4
3 months	774-.5	+7	771-2	+3.75
Settlem't	754	+7.5	—	.....
U.S. Prod.		.....	*78	.....

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £765.5, three months £785, 84.5, 85, 86, 86.5, 87. Cathodes, cash £753.5, three months £774. Kerb: Wirebars, three months £786.5, 87, 86.5. Afternoon: Wirebars, three months £786.5, 86, 85.5, 85, 83.5, 84, 83.5. Kerb: Wirebars, three months £781, 82, 81, 80, 79, 78, 79, 78.5, 78, 79.5, 79.

TIN—Lost ground as forward metal started at £7,800 following the fall in the East overnight. Although some buying was apparent at the low level, absorbing hedge selling, and the price climbed at £7,640 this level could not be maintained. Pressure built up from hedge selling and after £7,600 had been touched on the downward path, stop-loss selling emerged which led to a low of £7,550 before a close on the Kerb of £7,540. Turnover: 1,380 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7840-5	-62.5	7760-70	-50
3 months	7650-70	-62.5	7600-20	-40
Settlem't	7845	-65	—	.....
Standard				
Cash	7835-40	-50	7760-70	-50
3 months	7650-5	-55	7580-90	-45
Settlem't	7640	-50	—	.....
Straits E.	$1826.88	-32	—	.....
New York	—	.....	—	.....

Morning: Standard, cash £7,835, 40, 35, three months £7,630, 35, 40, 45, 40, 35. High Grade, cash £7,845. Kerb: Standard, three months £7,635. Afternoon: Standard, three months £7,620, 7,600, 7,590, 90. Kerb: Standard, three months £7,560, 70, 60, 40, 20, 30, 30, 40, 50.

LEAD—Lost ground throughout the day owing to stop-loss selling which took forward metal down from £419 on the pre-market to £409.5 on the late Kerb and £408.5 in the late inter-office trading. The selling was attributed to the fact that previous forecasts of large decreases in warehouse stocks have not materialised. Turnover: 15,725 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	429-30	-3.5	422-4	-5.25
3 months	417.5-8	.....	411.5-2	-4
Settlem't	430	-3.5	—	.....
U.S. Spot	—	.....	*36.36	.....

Morning: Cash £433, 29.5, three months £420, 19.5, 19, 18.5, 18, 17, 17.5. Kerb: Cash £429.5, three months £417, 16.5, 16, [illegible]

ZINC—Firmer although well below the day's highest levels. [illegible]

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PUBLIC NOTICES

HERTFORDSHIRE COUNTY COUNCIL
£3m 91-day Bills, issued 8.11.78, due 7.2.79 at 10 11/16% p.a. £31m. applied for. £25.5m outstanding.

LEICESTER CITY COUNCIL
£1.90m 91-day Bills, issued 8.11.78, due 7.2.79 at 10 3/32% p.a. Applied for £10 5m. Outstanding £1.9m.

SILVER

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. close	+ or —
Spot	298.85p	-2.9	298.6p	-2.0
3 months	306.15p	+3.0	306.05p	-2.2
6 months	314.55p	-3.0		
12 months	330.1p	-2.8		

COCOA

COFFEE

GRAINS

COTTON

RUBBER

SOYABEAN MEAL

SUGAR

WOOL FUTURES

MEAT/VEGETABLES

SMITHFIELD (prices in pence a pound)—Beef: Scotch killed sides 54.0 to 56.0; Eire hind quarters 60.0 to 64.0, [illegible]

PRICE CHANGES

Price in tonnes unless otherwise stated.

	Nov. 8 1978	+ or —	Month ago
French No. 3 Am		.....	£102
Wheat			
No. 1 Red Spring	£93.5	.....	£93.3
No.2 Hard Winter	£89.75	.....	£85.05
English Milling	£91.5	.....	£91
Cocoa shipment	£2,110	-26.5	£1,967
Future Mar.	£2,064	+26.25	£1,935
Coffee Future			
Jan	£1,451	-10.0	£1,536
Cotton 'A' Index	79.4c	.....	75.95
Rubber kilo	63.5p	.....	61.75p
Sugar (Raw)	£104	-1.0	£112
Woolrops64s kilo	272p	.....	273p

* Nominal. † New crop. ‡ Unquoted. u Nov.-Jan. n Sept. s Oct.-Nov. t Nov.-Dec. w Jan. x Dec. z Per ton. ‡ Indicator prices.

INDICES

FINANCIAL TIMES

Nov. 8	Nov. 7	Month ago	Year ago
264.24	266.01	262.30	237.90

(Base: July 1, 1952=100)

REUTERS

Nov. 8	Nov. 7	Month ago	Year ago
1533.2	1531.5	1513.5	1461.0

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	Nov. 8	Nov. 6	Month ago	Year ago
Spot	395.42	394.81	380.33	367.68
Futures	391.96	392.32	381.75	326.68

(Average 1924-25-26=100)

MOODY'S

Moody's	Nov. 8	Nov. 6	Month ago	Year ago
Spie Commty	981.7	983.5	975.2	825.6

(December 31, 1931=100)

GRIMSBY FISH—Supply moderate, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £5.20-£6.60, codlings £3.60-£4.40; large haddock £5.70-£6.00, small £3.60-£4.20; large plaice £5.20-£5.50, medium £4.60-£5.20, best small £4.00-£4.70; large skinned dogfish £8.50, medium £7.00; large lemon soles £8.00, medium £7.00; reds £2.40-£2.60; saithe £3.10-£3.70.

U.S. Markets

Decline in copper as gold rises

NEW YORK, Nov. 8.

[illegible]

STOCK EXCHANGE REPORT

Late hints of pay agreement further equity rally

30-share index regains 4.9 at 474.4—Gilts also improve

Account Dealing Dates

*First Dealings	Declarations	Last Dealings	Account Day
Oct. 30	Nov. 9	Nov. 10	Nov. 21
Nov. 13	Nov. 23	Nov. 24	Dec. 5
Nov. 27	Dec. 7	Dec. 8	Dec. 19

* "New time" dealings may take place from 9.30 am two business days earlier.

Stock markets remained extremely quiet yesterday, but late in the session improved upon a recovery movement which began in the early dealings. Gilt-edged securities and leading equities thus closed at the best, the former on hopes that recent uncertainties about Minimum Lending Rate may soon be ended by the rate being brought into line with those ruling in money markets following last week's 1½-point hike in base lending rates to 11½ per cent by the big UK clearers: an accompanying cut in the Government broker's selling prices for supplies of the tap stocks was also considered to be a possibility.

Equities opened a shade lower in an extension of Tuesday's weaker tone, with sentiment unsettled by increasing concern at the growing pressure on the Government's pay limit and on worries about official intentions with regards to the use of price controls in any agreement with the TUC on incomes policy. In the absence of sellers, however, and on the appearance of a few buyers, leading industrials perked up and this resulted in a near 4-point turnround in the F.T. 30-share index between 10 and 11 am.

For the next few hours, the market dallied but just before the official close an agency report hinting at a possible compromise between the Government and TUC on pay revived the movement, which had looked to be flagging. The upturn continued during the after-hours' business and the closing index was the day's best at 474.4 for a rise of 4.9.

Prior to the late firmness, interest had been aroused by the good half-yearly statement from **Sainsbury**, which disclosed an interim profits increase of some 25 per cent, and by the suspension of dealings in **Associated Dairies** and **Allied Retailers**—the latter went higher on Tuesday following vague bid speculation—following the announcement that negotiations were in progress which could lead to a merger.

Early indications of an increased trade in British Funds were wide of the mark but quotations regained much of the previous day's falls. The longs often ended ½ higher while the shorter maturities managed improvements of ⅛; exceptional gains of ¾ occurred in two low-coupon stocks quoted clean, **Treasury** 3½ per cent 1977-80, at 93¾, and **Funding** 5¼ per cent 1978-80, at 94¾, because of the limited market in both issues. **Treasury Variable** 1982 was also traded clean of dividend and rose ½ to 95, after 95½.

Conditions became less active in the investment currency market and, after trading between extremes of 78 and 76½ per cent, the premium closed ½ lower on balance at 77 per cent. Yesterday's SE conversion factor was 0.7443 (0.7415).

Yesterday's business in Traded Options was one of the quietest since dealings began on April 21. Only 241 contracts were completed compared with the lowest recorded 205 of June 7. Trade was transacted in only 9 of the 15 stocks, **BP** being the most active with 89 deals.

Down 10 the previous day mirroring disappointment with the interim results, **Bank of Ireland** reacted further to 380p before rallying to close unaltered at 385p; the 10 per cent Convertible Loan 1991-96 fell 7 points to £177. The big four banks lacked support and finished easier where changed: **Barclays** slipped 3 to 345p and **Lloyds** 2 to 256p.

Modest losses were the order of the day in Insurances after a thin trade. **General Accident**, 188p, and **Royals**, 338p, softened 2 apiece, while **Matthews Wrightson** gave up 3 at 170p.

Further consideration of the interim figures prompted a gain of 1½ to 99p in **Whitbread A**. Other Brewery leaders also tended harder, **Allied**, 82½p, and **Bass**, 157p, both improving around a penny. News of the 44 per cent increase in British sales of Scotch whisky helped stimulate occasional buying interest in **Distillers**, 3 to the good at 191p.

Leading Building descriptions held close to overnight levels during a slack trade. Elsewhere, small offerings clipped 8 from **Brown and Jackson** at 234p and, in a thin market, **May and Hassell** shed 4 at 69p. **Higgs and Hill** eased 2 to a 1978 low of 65p.

ICI drifted back from a firm opening but rallied late to close 6 up at 361p. **Fisons** finished 2 higher at 319p, after 314p.

Jas. Walker firm

Store leaders took a modest turn for the better but the volume of business was again small. **Marks and Spencer** edged forward 2 to 83p, while **UDS** hardened a penny to 91p. Elsewhere, **Jas. Walker** were firm again, the ordinary rising 4 to 110p and the A N/V 3 to 97p. Following its recent speculative spurt on bid talk, dealings in **Allied Retailers** were suspended yesterday at 113p following news of the bid approach from **Associated Dairies**; dealings in the latter were also suspended, at 172p. Small selling and lack of support prompted falls of 4 in **Bambers**, 156p, **Executex**, 40p and **A. G. Stanley**, 156p.

Undecided for most of the day, the Electrical leaders eventually showed a slightly better trend with **GEC**, 308p, and **EMI**, 153p, both closing 2 firmer. Electronic issues, however, ended on a dull note, **Farnell** easing 6 to 337p and **Racal** falling 4 more to 310p.

Trade in the Engineering leaders remained at a low ebb and the majority of gains mainly reflected the turnround in sentiment. Occasional support left **John Brown** 8 dearer at 416p, while **Hawker Siddeley** edged up 4 to 228p and gains of 2 were marked against **Tubes**, 372p, and **Vickers**, 194p. The setback in half-yearly profits continued to depress **Eva Industries** which lost 8 more to 92p for a two-day fall of 12, but **Martonair** responded to the record annual results with a rise of 6 to 196p. News of the sale of its steel stockholding business to Britaish Steel failed to benefit **Glynwed**, down 1½ at 101p, while **Wm. Boulton** gave up 2 to 19p on the proposed rights issue. **Edbro** remained on offer and fell 8 further to 218p, but **Startrite** firmed 5 to 15p. **Richardsons Westgarth** encountered fresh selling at 42p, down 3, while **Wadkin**, 125p, and **Wagon Industrial**, 135p, reacted 7 and 5 respectively.

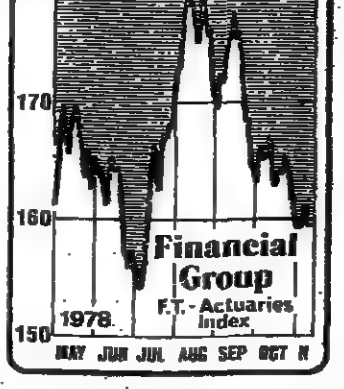
J. Sainsbury became active and finished 9 higher at 223p in response to interim profits at the higher end of market estimates and the chairman's optimism. Other Foods edged higher in a small turnover, **Tate and Lyle** hardening a couple of pence to 178p in the late dealings.

In quiet Hotels, **Grand Metropolitan** firmed 2 to 104½p and **Trust Houses** a penny to 229p. In contrast, **Prince of Wales** encountered selling in a thin market and dropped 6 to 81p while **City Hotels** eased 3 to 111p.

Viscose Dev. wanted

Interest in the miscellaneous Industrial sector was chiefly confined to selected secondary issues. **Viscose Development** were prominent for a rise of 8 to 70p following speculative buying in a restricted market, while demand ahead of the results, due next month, helped **Sothebys** add 3 to 315p. **London and Northern** gained 2½ to 38p in response to the sharply higher first-half profits and **A. Arenson** improved a penny more to 50p on further consideration of the good preliminary results. **Central Manufacturing and Trading**, on the other hand, cheapened 2½ to 37½p after the disappointing results and **Chubb** eased a penny to 134p on the uninspiring interim statement. The poor interim results reported recently continued to weigh on **Dunbee-Combex-Marx** which saw fresh selling and touched a 1978 low of 84p before a late rally helped them recover to close unchanged on the day at 90p. **Ovenstone** lost 4 to 16p and **E. Fogarty** 5 to 130p. Of the narrowly mixed leaders, **Metal Box** added 4 to 312p following Press comment, while **Reckitt and Colman** hardened a similar amount to 442p.

Motor Components improved in places, **Lucas**, at 298p recovering 6 of the previous two-day loss of 14, while **Dunlop** improved 3 to 69p. Ahead of today's interim results, **Flight Refuelling** eased to 156p before rallying to end a net 2 off at 158p. Among Distributors, **Harold Perry**, 6 better at 108p, led a small recovery by Ford dealers; **Caffyns**, 98p, and **Tate of Leeds**, 69p, both ended a penny to the good. Announcing record interim pre-tax profits and expectations of improved full-year results, **Hartwells** gained a penny to 98p.



Reflecting the sharply increased interim profits, **Portsmouth and Sunderland Newspapers** firmed 3 to 75p.

Properties regained a little of poise following recent weakness that stemmed from the threat of higher interest rates. **Samuel** firmed 2 to 89p on the annual results and asset revaluation and **Great Portland Estates** put on 6 to 212p in response to satisfactory interim profits. Awaiting today's annual results, **Bellway** gained 3 for a three-day rise of 7 at 72p and **Bradford** added 3 more to 243p in continued response to the half-year profits improvement.

Oils mixed

Trading conditions in the Oil sector were a little brisker than of late. News of the cutback in crude oil supplies in Japan due to the Iranian political unrest had little impact on either **Royal Dutch** or **British Petroleum**, but the announcement that the Californian vote had approved Sohio's plans for a crude oil harbour in Longbeach created interest in the latter which eventually settled at 870p for a rise of 6. In contrast, **Shell** gave ground and closed 8 cheaper at 555p. Outside the leaders, **Siebens (U.K.)** met further selling and gave up 6 more to 250p.

Losses were fairly widespread throughout Trusts where **Trans-Oceanic** fell 5 to 158p and **Yeoman** 4 to 166p. Among Financials, **Britannia Arrow** held at 14 following the management changes.

Shippings tended harder, where altered. **P and O** rallied a shade to 82½p, following the previous day's reaction of 2½ on fears about the company's Iranian commitments.

Textiles closed narrowly mixed after a quiet trade. **Coats Patons** rose ½ to 64½p on further considerations of the interim figures. Still awaiting news of the proposed merger with Dawson International, **John Haggas** rallied to 175p before slipping back to 173p for a rise of 3 on balance; **Dawson** held at 184p.

Apart from a fall of 5 to 37p, after 33p, in **Gold Fields Property**, South African Industrials were inclined harder.

Dull Rubbers were notable for losses of 4 and 6 respectively in **Highlands and Lowlands**, 105p, and **Guthrie**, 339p.

Golds up again

The rally in South African Golds was extended to a third day although the market was showing signs of faltering in the after-hours' trade as the bullion price dipped from being $221.75 per ounce at the morning fixing to close $3 up on balance at $219.375.

The initial firmness of the metal price prompted modest interest in share markets in the morning, but this petered out in the afternoon as American selling followed the reaction in the bullion price.

Nevertheless, the Gold Mines index managed an improvement of 3.2 to 139.1 for a three-day gain of 7.2, while the ex-premium index added 2.7 to 103.5.

Gains in the heavyweights ranged to a half-point, as in **Randfontein**, £29½, after £29¾; while **West Driefontein** put on ½ to £20½, after £20¾. Medium-priced issues were featured by **Buffels**, which rose 21 to 798p and **East Driefontein**, 19 higher at 618p.

Financials traded quietly throughout the day, South Africans tending to edge higher in sympathy with Golds. On the other hand, London-registered stocks were generally a fraction cheaper where changed. Platinums responded to Cape buying which left **Impala** 4 higher at 180p and **Rustenburg** 3 up at 98p.

Australians weakened afresh in the wake of the poor performance of overnight domestic markets. Diamond exploration issues were particularly weak in front of today's debut by **Ashton Mining**; market estimates of the opening price for Ashton are in the region of 50p to 60p. **Conzinc Riotinto**, the major participant in the Ashton venture, dropped 16 to 250p.

Tin shares registered widespread losses following news that Berjuntal is to pay State royalties on tin concentrate production. **Berjuntal** fell 10 to 215p, as did **Malayan Tin**, 415p, and **Southern Malayan**, 305p.

FINANCIAL TIMES STOCK INDICES

	Nov. 8	Nov. 7	Nov. 6	Nov. 3	Nov. 2	Nov. 1	[illegible]
Government Secs.	68.63	68.56	68.55	68.58	68.66	68.77	[illegible]
Fixed Interest	70.05	70.01	70.02	70.06	70.17	70.52	[illegible]
Industrial	474.4	469.5	476.4	478.4	472.4	479.9	[illegible]
Gold Mines	139.1	135.9	135.1	131.9	134.0	131.1	[illegible]
Gold Mines (Ex-$ pm)	103.5	100.8	98.7	96.6	97.0	95.6	[illegible]
Ord. Div. Yield	5.74	5.79	5.71	5.75	5.75	[illegible]	[illegible]
Earnings, Y'ld % (full)	16.03	16.20	15.77	15.88	15.85	15.66	[illegible]
P/E Ratio (net) (*)	8.00	8.01	8.37	8.32	8.33	8.46	[illegible]
Dealings marked	4,095	4,434	3,958	4,585	5,105	[illegible]	[illegible]
Equity turnover £m	[illegible]	67.16	51.92	60.74	76.26	[illegible]	[illegible]
Equity bargains total	[illegible]	19,864	18,968	15,882	16,005	[illegible]	[illegible]

10 am 468.7. 11 am 472.6. Noon 473.4. 1 pm 472.4. 2 pm 471.9. 3 pm 471.6.

Latest Index 01-246 8026.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Mines 12/9/55. Ex-$ pm index started June, 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58	68.38	127.4	49.18
Fixed Int.	81.27	70.01	150.4	50.53
Ind. Ord.	535.5	433.4	549.2	49.4
Gold Mines	206.6	130.3	442.3	43.5
Gold Mines (Ex-$ pm.)	132.5	90.3	337.1	54.3

S.E. ACTIVITY

	[illegible]	[illegible]
Daily Gilt Edged	[illegible]	[illegible]
Industrials	[illegible]	[illegible]
Speculative	[illegible]	[illegible]
Totals	[illegible]	[illegible]
5-day Average Gilt-Edged	[illegible]	[illegible]
Industrials	[illegible]	[illegible]
Speculative	[illegible]	[illegible]
Totals	[illegible]	[illegible]

LONDON TRADED OPTIONS

Option	Ex'rcise price	January Closing offer	January Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.
BP	800	97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BP	850	59	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BP	900	27	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BP	950	10	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Com. Union	140	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cons. Gold	200	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Courtaulds	120	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GEC	280	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GEC	300	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GEC	330	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GEC	360	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Grand Met.	110	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Grand Met.	120	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Land Secs.	200	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Marks & Sp.	80	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Marks & Sp.	70	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Marks & Sp.	90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Marks & Sp.	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Totals			[illegible]		[illegible]		[illegible]

Option	Ex'rcise price	November Closing offer	November Vol.	February Closing offer	February Vol.	May Closing offer	May Vol.
Boots	200	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Boots	260	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Totals			[illegible]		[illegible]		[illegible]

NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (4)

CORPORATION LOANS (1)
N.Z. 4pc 1976-78

BUILDINGS (1)
Fed. Land

NEWSPAPERS (1)
Portsmouth Sund'land

TRUSTS (1)
M. & G. Dual Inc.

NEW LOWS (32)

CORPORATION LOANS (1)
Birm'ham 9¼pc 79-81

BANKS (1)
Kleinwort Benson

BUILDINGS (1)
Higgs & Hill

CHEMICALS (1)
Croda Intl.

STORES (2)
Grattan Warehouses, Martin The News.

ELECTRICALS (1)
Berec

ENGINEERING (4)
Porter Chadburn, Tex Abrasives, Richardsons W'stgth, Weir Group

INDUSTRIALS (10)
Avon Rubber, Hill (Charles), Change Wares, Hoover A, Cole (R. H.), Myson, Crosby House, Ovenstone, Dunbee-Combex, Sparrow (G. W.)

INSURANCE (2)
General Accident, Royal Ins.

MOTORS (1)
Arlington

NEWSPAPERS (1)
Intl. Thomson

SHOES (1)
Booth Intl.

SOUTH AFRICANS (1)
Gold Fields Prop.

TRUSTS (2)
Anglo Intl. Div., [illegible]

OILS (2)
Cluff Conv. A, Clyde Pet.

TEAS (1)
Assam Investments

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	79	1	2
Corpns., Dom. and Foreign Bonds	5	4	53
Industrials	[illegible]	[illegible]	[illegible]
Financial and Prop.	57	[illegible]	[illegible]
Oils	6	[illegible]	34
Plantations	[illegible]	23	[illegible]
Mines	[illegible]	[illegible]	46
Recent Issues	[illegible]	5	16
Totals	[illegible]	627	1,394

LEADERS AND LAGGARDS

The following table shows the percentage changes which have taken place since December 30, 1977, in the principal equity sections of the FT Actuaries Share Indices. It also contains the Gold Mines Index.

Engineering Contractors	+14.91
Mining Finance	+14.86
Electricals	+13.71
Mechanical Engineering	+10.65
Overseas Traders	+10.39
Capital Goods Group	+ 9.50
Newspapers and Publishing	+ 7.71
Contracting and Construction	+ 6.46
Electronics, Radio and TV	+ 5.63
Wines and Spirits	+ 5.03
Oils	+ 3.25
Chemicals	+ 3.23
Office and Equipment	+ 2.51
Consumer Goods (Durable) Group	+ 2.37
Gold Mines FT	+ 2.03
500 Share Index	+ 1.66
Packaging and Paper	+ 1.45
Industrial Group	+ 1.36
Property	+ 1.21
Metal and Metal Forming	+ 1.03
Building Materials	+ 1.01
Textiles	+ 0.54
Food Retailing	+ 0.50
Motors and Distributors	+ 0.33
All-Share Index	+ 0.22
Other Groups	− 0.78
Consumer Goods (Non-Durable) Group	− 1.48
Stores	− 1.88
Food Manufacturing	− 2.31
Tobaccos	− 2.78
Investment Trusts	− 3.71
Banks	− 3.85
Entertainment and Catering	− 4.23
Breweries	− 4.67
Toys and Games	− 5.15
Pharmaceutical Products	− 6.28
Merchant Banks	− 6.85
Household Goods	− 6.90
Insurance Brokers	− 7.40
Financial Group	− 7.43
Insurance (Life)	− 9.77
Discount Houses	−11.48
Shipping	−13.45
Hire Purchase	−15.26
Insurance Composite	−15.88

* Percentage changes based on Tuesday, November 7, 1978, indices.

OPTIONS

ACCOUNT DEALING DATES First Dealings	Last Dealings	Last Declaration	For Settlement
Nov. 7	Nov. 20	Feb. 8	Feb. 20
Nov. 21	Dec. 4	Feb. 22	Mar. 6
Dec. 5	Dec. 18	Mar. 8	Mar. 20

For rate indications see end of Share Information Service

Stocks favoured for the call included Ladbroke Warrants, Burton Warrants, Mears Bros., Tesco, R. P. Martin, Marshall Cavendish, Grattan Warehouses, English Property, Burmah Oil, Premier Consolidated, Barker and Dobson and Reed International. No puts were recorded, but double options were arranged in Mersey Docks, Racal, Thorn Electrical, John Brown, Town and City Properties and Liden.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
BP	£1	12	870	+ 6	926	720
ICI	£1	11	361	+ 6	421	[illegible]
Shell Transport	25p	11	555	− 8	602	484
Barclays Bank	£1	9	345	− 3	368	296
GEC	25p	8	308	+ 2	340	[illegible]
Grand Met	50p	8	104½	+ 2	121	87
Lloyds Bank	£1	7	256	− 2	297	242
Rank Org.	25p	7	240	− 4	296	226
Allied Breweries	25p	6	82½	+ 1½	94	78
De La Rue	25p	6	388	− 2	500	230
Distillers	50p	6	191	+ 3	215	163
Haggas (J.)	10p	6	173	+ 3	177½	85
Lonrho	25p	6	64	+ 1	78	55
Racal Elect	25p	6	310	− 4	382	196
Reed Intl.	£1	6	155	—	183	102

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+ or −	Net Div.	Times Covered	Gross Yield	P/E Ratio
42	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
101	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+ or −
50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
55	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
12	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
260	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
58	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
155	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
12	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible]

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS — GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

		Wed., Nov. 8, 1978 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net)	Tues. Nov. 7 Index No.	Mon. Nov. 6 Index No.	Fri. Nov. 3 Index No.	Thurs. Nov. 2 Index No.
1	CAPITAL GOODS (171)	226.90	+0.1	17.18	5.54	7.99	226.72	229.35	227.83	229.24
2	Building Materials (27)	193.22	−0.3	18.30	5.86	7.52	193.84	195.66	194.66	196.97
3	Contracting, Construction (28)	362.65	+0.1	20.26	4.42	7.09	362.19	364.78	363.92	364.56
4	Electricals (14)	523.19	+0.4	13.87	3.55	9.97	521.05	529.22	529.40	526.33
5	Engineering Contractors (14)	355.17	−0.5	18.26	6.24	7.43	357.04	357.51	354.32	355.06
6	Mechanical Engineering (72)	178.35	+0.2	18.74	6.14	7.15	178.06	180.35	179.62	180.64
8	Metals and Metal Forming (16)	162.40	—	16.55	8.80	8.37	162.44	164.27	163.09	164.11
11	CONSUMER GOODS (DURABLE) (53)	198.36	+0.1	17.70	5.40	7.58	198.11	201.01	199.80	202.66
12	Lt. Electronics, Radio, TV (16)	243.06	−0.4	14.95	4.22	9.38	244.00	247.01	243.84	248.54
13	Household Goods (12)	170.11	—	17.51	6.69	7.87	170.04	171.53	172.19	174.11
14	Motors and Distributors (25)	119.08	+1.0	22.34	7.07	5.70	117.89	120.23	120.61	121.43
21	CONSUMER GOODS (NON-DURABLE) (172)	202.33	+0.7	16.45	6.12	8.18	200.93	202.64	201.96	202.27
22	Breweries (14)	221.72	+1.0	15.30	6.40	9.09	219.57	222.08	221.95	221.63
23	Wines and Spirits (6)	269.65	+1.4	15.79	5.34	9.45	265.91	268.28	265.72	266.92
24	Entertainment, Catering (17)	252.77	+1.0	14.46	6.96	10.09	250.28	253.27	251.31	251.65
25	Food Manufacturing (19)	196.74	+0.2	19.74	5.55	6.70	196.35	198.28	199.01	199.10
26	Food Retailing (15)	217.69	+0.6	13.85	4.73	10.05	216.31	217.33	217.44	217.12
32	Newspapers, Publishing (12)	373.16	+0.4	21.18	6.48	6.67	371.82	373.97	375.66	378.38
33	Packaging and Paper (15)	131.87	—	19.53	7.55	6.74	131.86	132.64	131.77	132.00
34	Stores (40)	191.85	+0.8	11.88	4.90	12.12	190.28	191.75	190.97	190.23
35	Textiles (25)	173.46	+0.9	18.82	8.38	6.89	171.98	173.41	171.82	174.25
36	Tobaccos (3)	222.21	+0.6	24.77	8.44	4.78	220.82	222.30	220.85	223.39
37	Toys and Games (6)	94.94	−0.7	23.88	6.81	4.90	95.60	97.29	96.81	97.27
41	OTHER GROUPS (99)	193.06	+0.4	16.24	6.29	7.92	192.27	194.61	193.39	194.27
42	Chemicals (19)	273.66	+1.3	16.74	6.91	7.77	270.22	273.73	272.36	273.90
43	Pharmaceutical Products (7)	245.86	+0.2	11.49	4.21	10.59	245.33	247.59	245.22	246.26
44	Office Equipment (6)	125.24	−1.1	19.40	6.09	6.15	126.64	128.21	127.21	127.33
45	Shipping (10)	406.86	+0.1	15.28	7.43	8.36	406.58	410.93	410.86	412.05
46	Miscellaneous (57)	206.92	—	18.25	6.78	7.28	206.87	209.62	208.28	209.27
49	INDUSTRIAL GROUP (495)	212.48	+0.4	16.68	5.96	8.02	211.58	213.83	212.74	213.67
51	Oils (5)	491.71	−0.3	14.21	4.09	7.64	493.25	493.22	489.32	491.01
59	500 SHARE INDEX	235.70	+0.3	16.30	5.67	7.96	234.97	237.08	235.77	236.77
61	FINANCIAL GROUP (100)	159.32	−0.2	—	6.11	—	159.58	161.38	159.74	159.32
62	Banks (6)	187.77	−0.4	24.86	6.24	6.03	188.50	190.60	188.27	185.44
63	Discount Houses (10)	198.51	−0.2	—	8.86	—	198.90	201.10	201.10	200.75
64	Hire Purchase (5)	140.26	−0.3	17.37	5.88	7.60	140.72	143.16	143.44	142.75
65	Insurance (Life) (10)	126.48	—	—	7.42	—	126.54	127.81	126.69	126.02
66	Insurance (Composite) (7)	115.18	−0.5	—	7.61	—	115.73	117.82	116.23	116.50
67	Insurance Brokers (10)	310.24	—	15.29	5.34	9.35	310.09	311.54	306.79	306.04
68	Merchant Banks (14)	76.72	—	—	6.34	—	76.73	76.95	77.17	77.27
69	Property (31)	249.04	+0.5	3.49	2.95	48.79	247.68	250.20	248.02	248.83
70	Miscellaneous (7)	105.51	−0.7	23.98	7.97	5.40	106.26	106.27	106.40	105.90
71	Investment Trusts (50)	199.82	−0.2	—	5.28	—	200.14	200.95	200.15	201.37
81	Mining Finance (4)	101.95	+0.2	18.44	6.98	6.68	101.73	102.45	101.37	102.96
91	Overseas Traders (19)	309.96	−0.1	16.00	7.45	7.84	310.16	312.76	308.70	311.22
99	ALL-SHARE INDEX (673)	215.43	+0.2	—	5.79	—	215.00	216.95	215.54	216.26

FIXED INTEREST PRICE INDICES

	British Government	Wed. Nov. 8	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	Under 5 years	[illegible]	[illegible]	[illegible]	[illegible]
2	5-15 years	[illegible]	[illegible]	[illegible]	[illegible]
3	Over 15 years	[illegible]	[illegible]	[illegible]	[illegible]
4	Irredeemables	[illegible]	[illegible]	[illegible]	[illegible]
5	All stocks	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST YIELDS

Br. Govt. Av. Gross Red.

		Wed. Nov. 8	Tues. Nov. 7	Year ago (approx.)
1	Low Coupons 5 years	[illegible]	[illegible]	[illegible]
2	Low Coupons 15 years	[illegible]	[illegible]	[illegible]
3	Low Coupons 25 years	[illegible]	[illegible]	[illegible]
4	Medium Coupons 5 years	[illegible]	[illegible]	[illegible]
5	Medium Coupons 15 years	[illegible]	[illegible]	[illegible]
6	Medium Coupons 25 years	[illegible]	[illegible]	[illegible]
7	High Coupons 5 years	[illegible]	[illegible]	[illegible]
8	High Coupons 15 years	[illegible]	[illegible]	[illegible]
9	High Coupons 25 years	[illegible]	[illegible]	[illegible]
10	Irredeemables	[illegible]	[illegible]	[illegible]

		Wed. Nov. 8 Index	Wed. Nov. 8 Yield	Tues. Nov. 7	Mon. Nov. 6	Friday Nov. 3	Thurs. Nov. 2	Wed. Nov. 1	Tues. Oct. 31	Mon. Oct. 30	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
16	Investment Trust Prefs. (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
17	Coml. and Indl. Prefs. (20)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. [illegible]

AUTHORISED UNIT TRUSTS

مكتبة الاسد

[illegible]

Finlay Unit Trust Mngt. Ltd.
Nile Street, Glasgow. 041 204 1321

Internat'l.	21.0	22.6	-0.2	2.41
Units	24.5	26.3	-0.2	2.41
Income	34.2	36.8	+1.3	8.95
Euro.Fin.	26.2	28.2	-0.4	2.52
Units	30.5	32.8	-0.5	2.52
Fd.In.Tst.	28.0	30.1	-0.2	4.39
Units	32.4	34.8	-0.2	4.39

Nov. 8. Next dealing Nov. 15.

Growth	34.9	37.6	-0.1	3.45
Do. Accum.	37.4	40.3	-0.1	3.45
Capital	25.6	27.6	-0.2	4.08
Do. Accum.	28.0	30.1	-0.2	4.08
Income	51.5	55.4	-0.1	6.86
Do. Accum.	60.8	64.6	-0.1	6.86
International	41.7	45.1	-0.5	3.38
Do. Accum.	44.5	48.0	-0.5	3.38
High Yield	61.3	66.0	-0.1	8.56
Do. Accum.	67.0	72.1	-0.1	8.56
Equity Exempt*	104.0	109.7	....	5.77
Do Accum.*	104.0	109.7	....	5.77

*Prices at Oct. 31. Next dealing Nov. 30.

CORAL INDEX: Close 472-477

INSURANCE BASE RATES

Property Growth 10¼%
Vanbrugh Guaranteed 10.87%
†Address shown under Insurance and Property Bond Table.

INSURANCE AND PROPERTY BONDS

[illegible]

OFFSHORE AND OVERSEAS FUNDS

Alexander Fund
37, rue Notre Dame, Luxembourg

Alexander Fund	$US6.60		...	—

Net asset value Nov. 3

Allen Harvey & Ross Inv. Mgt. (C.I.)
1, Charing Cross, St. Helier, Jsy. C.I. 0534-73741

AHR Gilt Edg.Fd.	£10.13	10.14		11.92

Arbuthnot Securities (C.I.) Limited
P.O. Box 284, St. Helier, Jersey 0534 72177

Cap. Tst. (Jersey)	115.0	119.0		4.20

Next dealing date November 21

Govt. Secs. Tst.	99	101		12.00

Next dealing date November 13.

East & Intl. Tst. (CI)	112	118		3.18

Next dealing date November 9

Australian Selection Fund NV
Market Opportunities, c/o Irish Young & Outhwaite, 127, Kent St., Sydney

USS1 Shares	$US1.59			—

Next asset value October 27

Bank of America International S.A.
35 Boulevard Royal, Luxembourg G.D.

Wldinvest Income	$US115.57	116.25		7.32

Prices at Nov. 2. Next sub. date Nov. 8.

Banque Bruxelles Lambert
2, Rue De la Regence B 1000 Brussels

Renta Fund LF	1,904	1,963	-4	7.87

Barclays Unicorn Int. (Ch. Is.) Ltd.
1, Charing Cross, St. Helier, Jrsy. 0534 73741

Overseas Income	46.7	49.1		12.00
Unidollar Trust	$US10.66	11.20	-0.11	1.88
Unibond Trust	$US100.40	101.24		8.50

Barclays Unicorn Int. (I. O. Man) Ltd.
1 Thomas St., Douglas, I.o.M. 0624 4856

Unicorn Aust. Ext.	48.9	52.6		1.70
Do. Aust. Min.	31.1	33.5		1.80
Do. Grtr. Pacific	68.0	73.2	-0.2	...
Do. Intl. Income	38.1	41.0	-1.5	8.50
Do. I. of Man Tst.	44.9	48.3		9.10
Do. Manx Mutual	26.0	28.0	-0.7	1.40

Keyser Ullmann Ltd.
25, Milk Street, EC2V 8JE 01-606 7070

Fonselex	Fr1,298	1,532	...	2.90
Bondselex	Fr1,365	128.60	...	—
Cent. Assets Cap.	£133.60	137.64	-0.02	—
Keyselex Japan	£12.20	—	...	—

King & Shaxson Mgrs.
1 Charing Cross, St. Helier, Jersey. (0534) 73741
Valley Hse., St. Peter Port, Gnsy. (0481) 24706
1 Thomas Street, Douglas, I.O.M. (0624) 4856

Gilt Fund (Jersey)	8.87	8.89	...	12.25
Gilt Trust (I.o.M.)	100.5	103.1	...	12.25
Gilt Fnd. Guernsey	9.25	9.27	...	12.25

Intl. Govt. Secs. Tst.

First Sterling	£18.09	18.20	+0.20	—
First Intl.	$US192.21	192.53	+0.31	—

Kleinwort Benson Limited
20, Fenchurch St., EC3 01-623 8000

Eurinvest. Lux. F		1,120	-15	3.13
Guernsey Inc.	65.7	69.9		4.35
Do. Accum.	82.4	87.6		4.35
KB Far East Fd.		$US13.84		1.45
KB Intl. Fund		$US11.02	0.44	2.09
KB Japan Fund		$US41.28	...	0.61
K.B. U.S. Gwth. Fd.		$US13.04	...	0.69
Signet Bermuda		$US4.89	...	1.84
Interntl. Bd. Fd.	$US100	—	...	—

Lloyds Bk. (C.I.) U/T Mgrs.
P.O. Box 195, St. Helier, Jersey 0534 27561

Lloyds Tst. O'seas	60.8	64.0		1.21

Next dealing date November 15.

Lloyds Bank Intl. Geneva.
P.O. Box 438 1211 Geneve 11 (Switzerland)

Lloyds Int. Growth	SF292.00	312.00		1.80
Lloyds Int. Inc.	SF299.50	311.00		5.10

Management International Ltd.
Bank of Bermuda Building, Bermuda.

Canterbury Oct. 27	$US1.05		...	—

M & G Group
Three Quays, Tower Hill EC3R 6BQ 01-626 4588

[illegible]

J.E.T. Managers (Jersey) Ltd.
PO Box 98 Channel House, Jersey. 0534 73673

Jersey Extrnl. Tst.	171.0	181.0		—

As at Oct. 31. Next sub. day Nov. 30.

Jardine Fleming & Co. Ltd.
46th Floor, Connaught Centre, Hong Kong

Jardine Estn. Tst.	HK$378.56	....	1.90
Jardine J'pn.Fd.*	HK$432.81	....	0.80
Jardine S.E.A.	$US20.89	....	1.70
Jardine Flem.Int.	HK$12.42	....	—
Intl. Pac. Secs. (Inc.)	HK$15.80	....	—
Do. (Accum.)	HK$15.96	....	—

NAV Oct. 31. *Equivalent $US91.53
Next sub. Nov. 15

Warburg Invest. Mngt. Jrsy. Ltd.
1, Charing Cross, St. Helier, Jsy. CI 0534 73741

CMF Ltd. Oct. 26	$US14.57	14.95	....	—
CMT Ltd. Oct. 26	£14.62	15.00	....	—
Metals Tst. Oct. 18	£12.90	13.22	....	—
TMT Oct. 12	$US11.39	11.69	....	—
TMT Ltd. Oct. 12	£11.11	11.40	....	—

World Wide Growth Management
10a Boulevard Royal, Luxembourg

Worldwide Gth. Fd.	$US15.26	-0.17	—

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

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[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

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[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

1978 High	Low	Stock	Price £	+ or —	Div. % Gross	Red. Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BONDS & RAILS—Cont.

[illegible]

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

[illegible]

S.E. List Premium 34¼% (based on U.S.$1.9720 per £)
Conversion factor 0.7443 (0.7418)

CANADIANS

[illegible]

S.E. List Premium 34¼% (based on $2.3075 per £)

BANKS AND HIRE PURCHASE

[illegible]

100	81	Hill Samuel	84	......	†4.97	—	9.1	—
[illegible]	200	Do. Warrants	200	......	—	—	—	—
[illegible]	203	Hong Shng $2.50	266	−2	hQ59c	—	2.6	—
67	52	Jessel Toynbee	54xc	......	†h3.32	—	9.2	—
215	160	Joseph (Leo) £1	170	......	8.74	—	7.7	—
55	37	Keyser Ullmann	50	......	0.67	—	2.0	—
[illegible]	55	King & Shax 20p	57	−1	3.44	—	9.0	—
114	[illegible]	Kleinwort B.L.	88	−2	†4.18	—	7.1	—
297	242	Lloyds £1	256	−2	†9.23	4.8	5.4	5.8

BANKS & HP—Continued

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

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CHEMICALS, PLASTICS—Cont.

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ENGINEERING—Continued

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

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[illegible]

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TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INV. TRUSTS—Continued

[illegible]

Finance, Land, etc.

[illegible]

FINANCE, LAND—Continued

[illegible]

OILS

[illegible]

OVERSEAS TRADERS

[illegible]

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[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

CENTRAL AFRICAN

[illegible]

MINES—Continued

AUSTRALIAN

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
15	10	Acme 25c	10	.....	—	—	—
140	64	Bougainville 50 Toea	118	−4	†Q8c	1.4	4.3
131	63	BH South 50c	115	−3	—	—	—
820	150	Central Pacific	300	−10	—	—	—
336	148	Conzinc Riotinto 50c	250	−16	†Q10c	2.2	‡
27	9½	Endeavour 20c	19	.....	—	—	—
75	45	G.M. Kalgoorlie $1	60	.....	—	—	—
68	18	Haoma Gold N.L.	30	.....	—	—	—
140	81	Hampton Areas 5p	121	.....	†3.55	2.0	4.4
40	10	Metals Ex. 50c	26	−1	—	—	—
223	125	M.I.M. Hldgs. 50c	182	−5	Q9c	1.7	3.0
22	10	Minefields Expl.	15	.....	—	—	—
40	10	Mount Lyell 25c	32	.....	—	—	—
7	1½	Newmetal 10c	5	−¼	—	—	—
143	79	North B. Hill 50c	103	−2	Q8c	1.3	4.9
16½	8½	Nth. Kalgurli	13	−1	—	—	—
50	12	Nth. West Mining	21	−1	—	—	—
178	117	Oakbridge $A1	121	−1	Q12c	1.9	11.8
42	10	††Otter N.L.	26	.....	—	—	—
70	30	Pacific Copper	58	.....	—	—	—
£15½	750	Pancont 25c	325	−25	—	—	—
40	12	Paringa M&Ex. 5p	19½	−1½	—	—	—
570	310	Peko-Wallsend 50c	458	−5	Q15c	φ	2.0
300	50	Southern Pacific	130	−5	—	—	—
164	84	Westn. Mining 50c	132	−2	Q5c	0.7	1.[illegible]
70	35	Whim Creek 20c	55	.....	—	—	—

TINS

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
30	23	Amal. Nigeria	24	.....	2.81	1.3	17.1
420	240	Ayer Hitam $M1	335	−5	Q300c	0.5	19.2
60	45	Beralt Tin	55	−1	14.0	4.4	11.4
305	200	Berjuntai $M1	215	−10	Q110c	φ	11.0
185	111	Geevor	160	.....	5.04	5.8	4.2
11	8½	Gold & Base 12½p	10½	−½	—	—	—
350	220	Gopeng Cons.	320xd	.....	†25.36	0.9	7.1
310	130	Hongkong	295	−5	—	—	—
93	78	Idris 10p	83	−7	‡12.0	1.6	‡
11	7	Jantar 12½p	9½	.....	—	—	—
84	68	Kamunting $M0.50	68	−4	Q13½c	2.1	4.0
640	450	Killinghall	630	.....	Q125	φ	19.3
470	280	Malay Dredging $M1	415	−10	†Q95c	0.8	4.6
78	40	♠Pahang	58	−3	‡Q3.75c	0.5	‡
78	50	Pengkalen 10p	68xd	.....	6.60	1.5	14.5
270	165	Petaling $M1	240	−5	†Q80c	1.5	7.5
87	49	Saint Piran	81	+1	2.03	6.5	3.7
70	37	South Crofty 10p	67	.....	4.19	2.0	9.3
245	140	South Kinta $M0.50	210	.....	‡Q145c	0.6	14.8
340	230	Sthn. Malayan $M1	305	−10	‡Q31.3c	1.1	9.2
240	134	Sungei Besi $M1	205	−5	Q65c	5.3	6.8
85	55	Supreme Corp. $M1	70	−5	‡Q10c	—	7.1
100	85	Tanjong 15p	90	.....	6.60	0.3	10.9
100	74	Tronoh Hrbr. $M1	95	−5	Q40c	φ	9.4
270	148	Tronoh $M1	225	−5	‡Q83c	1.6	‡

COPPER

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
104	62	Messina R0.50	63	+1	‡Q30c	1.9	‡

MISCELLANEOUS

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
68	35	Barymin	49	−1	—	—	—
17	9	Burma Mines 17½p	15	.....	—	—	—
300	180	Cons. Murch. 10c	185	+5	‡Q30c	2.6	‡
465	245	Northgate C$1	355	−5	—	—	—
263	164	R.T.Z.	231xd	+1	9.5	2.6	6.1
90	30	Sabina Inds. C$1	44	+2	—	—	—
£12	750	Tara Explm. $1	850	.....	—	—	—
85	43	Tehidy Minerals 10p	80	.....	‡1.35	φ	2.5
185	120	Yukon Cons. C$1	146	−4	Q7c	2.9	2.3

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
$15¼	$10¼	Buffels R1	$11⅞	+½	Q170c	1.8	16.5
$11¾	850c	East Drie R1	920c	+45	†Q78c	1.7	9.8
585c	330c	East Rand Prp. R1	410c	+10	—	—	—
$28⅝	$16⅝	F.S. Geduld 50c	$18⅞xd	+⅝	Q315c	φ	19.3
$15⅛	975c	Pres. Brand 50c	$11⅞xd	+⅛	Q150c	φ	15.0
$13¾	900c	St. Helena R1	$10⅛	+⅛	Q190c	φ	20.9
465c	313c	Stilfontein 50c	410c	+15	†Q22c	2.3	6.2
$22½	$16⅜	Vaal Reefs 50c	$18⅞	+⅞	Q115c	3.5	7.1
$37	$25	West Drie R1	$30⅝	+1⅛	Q385c	1.7	14.5
$31¼	$19¼	West Hldgs. 50c	$25⅛xd	.....	Q415c	φ	20.3
$12½	895c	Western Deep R2	$10½	−⅛	Q82.5c	2.4	9.1

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ♠ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◆ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ◆ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim; reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ✦ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✤ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend; cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend; cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment. Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 38

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −
Albany Inv. 20p	26	.....
Ash Spinning	50	.....
Bertam	15	.....
Bdg'wtr. Est. 50p	325	.....
Clover Croft	28	+2
Craig & Rose £1	605	.....
Dyson (R. A.) A	37	.....
Ellis & McHdy.	66	−1
Evered	26	.....
Fife Forge	52	.....
Finlay Pkg. 5p	21	.....
Graig Ship. £1	140	.....
Higsons Brew.	75	.....
I.O.M. Stm. £1	173	.....
Holt (Jos.) 25p	252	+2
N'thn. Goldsmith	63	.....
Pearce (C. H.)	155xd	.....
Peel Mills	21	.....
Sheffield Brick	49	−1
Sheff. Refrshmt.	56	.....
Sindall (Wm.)	112	.....

IRISH

Stock	Price	+ or −
Conv. 9% '80/82	£89½	−¼
Alliance Gas	95	.....
Arnott	340	.....
Carroll (P.J.)	97	.....
Clondalkin	90	.....
Concrete Prods.	135	.....
Heiton (Hldgs.)	49	.....
Ins. Corp.	185xd	.....
Irish Ropes	105	.....
Jacob	55	−1
Sunbeam	37	.....
T.M.G.	175	.....
Unidare	82	.....

OPTIONS

3-month Call Rates

Industrials					
A. Brew	6½	I.C.I.	20	Tube Invest.	30
A.P. Cement	18	"Imps"	6	Unilever	35
B.S.R.	9	I.C.L.	20	Utd. Drapery	7½
Babcock	11	Inveresk	8	Vickers	15
Barclays Bank	25	KCA	3	Woolworths	5
Beecham	35	Ladbroke	17	**Property**	
Boots Drug	15	Legal & Gen.	14	Brit. Land	3¼
Bowaters	16	Lex Service	7	Cap. Counties	4½
B.A.T.	24	Lloyds Bank	22	E.P.	5
British Oxygen	6	"Lots"	4	Intereuropean	4
Brown (J.)	20	London Brick	5	Land Secs.	16
Burton 'A'	12	Lonrho	5	MEPC	12
Cadburys	5	Lucas Inds.	25	Peachey	6
Courtaulds	10	Lyons (J.)	10	Samuel Props.	9
Debenhams	8	"Mams"	7	Town & City	1¼
Distillers	15	Mrks. & Spncr.	10	**Oils**	
Dunlop	7	Midland Bank	25	Brit. Petroleum	45
Eagle Star	11	N.E.I.	12	Burmah Oil	5
E.M.I.	14	Nat. West Bank	22	Charterhall	3
Gen. Accident	17	Do. Warrants	10	Shell	28
Gen. Electric	18	P & O Dfd.	2	Ultramar	20
Glaxo	40	Plessey	8	**Mines**	
Grand Met.	9	R.H.M.	5	Charter Cons.	12
G.U.S. 'A'	20	Rank Org. 'A'	13	Cons. Gold	14
Guardian	12	Reed Intnl.	12	Rio T. Zinc	16
G.K.N.	22	Spillers	3		
Hawker Sidd.	20	Tesco	4		
House of Fraser	12	Thorn	22		
		Trust Houses	15		

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Thursday November 9 1978

U.S. election results please both parties

BY JUREK MARTIN, U.S. EDITOR WASHINGTON, Nov. 8.

BOTH REPUBLICANS and Democrats claimed satisfaction today with the results of yesterday's mid-term elections which were dominated by local conflicts, issues and personalities and which generally oered little guide to the Presidential contest in two years' time.

Following the resolution of desperately tight races in Texas for Senator and Governor, both of which have gone to the Republicans, the GOP has made net gains of three seats in the Senate, 12 in the House, and six governorships.

The Senate tally assumes a Republican victory in Virginia, though Mr. John Warner, husband of Elizabeth Taylor, will probably have to endure a recount after the thinnest of apparent victories.

While a respectable performance and marginally better than some pre-election forecasts had been suggested for the Republicans, nonetheless an under the average advance was scored by the "out" party in off-year balloting. The result leaves the Democrats firmly in control of both Houses of Congress and a sizeable majority of State houses and legislatures.

The elections kept alive the prospects of several potential Presidential candidates—notably Jerry Brown, Democratic Governor of California, Jim Thompson, Republican Governor of Illinois, and Howard Baker, Republican Senator from Tennessee—all of whom won comfortably.

But it was generally agreed that President Carter's standing had not been damaged and may even have benefited from the lack of a clear ideological trend in the nation.

The country's mood was clearly conservative, especially on fiscal matters, but also to a lesser extent on social issues. But Democrats proved sufficiently adept at assuming classically Republican positions to minimise their own losses.

CONGRESS AND GOVERNORS AFTER THE ELECTION

	Before	After
Senate		
Democrat	62	58
Republican	38	41
Undecided	—	1
House of Representatives*		
Democrat	286	274
Republican	146	158
Undecided	—	3
Governors		
Democrat	37	32
Republican	12	17
Independent	1	0
Undecided	—	1

* Before the election four seats were vacant—two had been Republican and two Democrat.

The most prominent incumbent casualties in the Senate were liberals—Democrats Dick Clark in Iowa, Thomas MacIntyre in New Hampshire (whose defeat by an airline pilot with no political experience was foreseen by no one) and Republican Edward Brooke in Massachusetts, the only Black member of the Senate.

However, although ultra-conservatives beat both Mr. Clark and Mr. MacIntyre, as well as picking up, as expected, a Senate seat in Colorado, Democratic and Republican progressives had matching triumphs: for the Democrats in New Jersey and Massachusetts and Michigan, and for the Republicans in Minnesota and in several gubernatorial and in several governatorial races.

Moreover, the expected avalanche of support for tax cutting and spending curbs was less than overwhelming, with voters in several States adopting a more cautious approach than the candidates—not to mention the public opinion polls — had bargained for.

From an external (and, particularly, a British) standpoint, the most important single result was the defeat of Senator Clark in Iowa. Mr. Clark has been the leading Capitol Hill authority on African affairs and few freshman Senators have made such an early mark in foreign affairs.

He was instrumental in denying Congressional backing for America's covert assistance in Angola and was a crucial voice in securing support for the Anglo-American initiative in Rhodesia.

With the end of the traditional seniority system of committee appointments in Congress, it is unclear who would succeed Senator Clark as chairman of the African sub-committee of the Senate foreign affairs committee. But it is a fair bet that the level of informed interest in the continent will decline as a result of his departure.

Mr. Clark probably lost — to arch-conservative Roger Jepsen—partly because of his consuming interest in Africa, which his opponent deemed inappropriate for the representative of predominantly agricultural and conservative Iowa. But also because particular causes, especially those opposing abortion and the trade union movement, worked actively against him.

From a national standpoint, the most intriguing challenge was that thrown down on election night by Governor Brown in California, who won re-election by over 20 percentage points.

Election results, Page 4

Voters back Sohio oil terminal

BY STEWART FLEMING NEW YORK, Nov. 8.

VOTERS IN Long Beach, California, have approved the construction of an oil terminal at the port. The terminal is part of a proposed $1bn investment by Standard Oil of Ohio, the BP subsidiary in the U.S.

The vote is a vital step forward for Sohio's plans to transport oil from Alaska to the U.S. Mid-West by land.

The investment includes a 1,000-mile pipeline from Long Beach to Midland, Texas, designed to carry Alaskan crude on from California, which has an oil surplus.

At present, Sohio is having to transport Alaskan crude to the Mid-West by tanker through the Panama Canal to Houston. This is estimated to be adding between 75 cents and $1 a barrel to the company's costs.

Welcoming the voters' decision in a referendum on the terminal, Mr. Alton Whitehouse, Jnr., Sohio chairman, warned that several significant obstacles remained before the project could proceed.

The company must still obtain a suitable construction permit from the South Coast Air Quality Management body in California. This then needed to be approved by the California Air Resources Board.

Mr. Whitehouse added that a recent decision by the California Coastal Zone Commission preventing the construction of storage tanks at the marine terminal site still presented a serious problem.

Litigation before the California Supreme Court challenging the environmental impact report on which state agency permits were based represented another obstacle.

Sohio has no West Coast refinery, but owns about half the 1.2m barrels of oil coming through the Alaskan pipeline. Because of this it has been vulnerable through the surplus of Alaskan crude on the West Coast.

It has been seeking approval of its proposal for a tanker terminal at Long Beach for three years. California has stringent environmental regulations, however, and powerful environmental lobbies which have presented formidable obstacles to the oil company's plans.

Associated Dairies in bid talks with retail group

BY JAMES BARTHOLOMEW

ASSOCIATED DAIRIES, the highly-successful supermarket group based in the North of England, is having talks with Allied Retailers, owners of fast-expanding Allied Carpets and Williams Furniture stores, which could result in a bid worth over £30m.

Associated Dairies bid successfully for Wades Departmental Stores in August this year. Acquisition of Allied would take the group much further into non-food retailing.

"The two groups are both considered leaders in their respective fields," Associated Dairies said yesterday. "They have both been very successful in adopting innovative retailing techniques."

This made Allied Retailers a logical target for Associated Dairies, according to the company, which had cash and short-term deposits of £24m at the last balance sheet date in April.

If an offer comes to fruition, Associated Dairies may be able to increase its dividends, which last year were covered nearly 15 times by earnings.

Shares of Allied Retailers rose 16p to 113p in the two days up to the announcement, valuing the company at £30m. The Stock Exchange price monitoring team is to make inquiries to determine whether a full council committee inquiry into dealings on those days is warranted.

Shares of both companies were suspended yesterday while the talks are completed. A further announcement is expected before the end of the week.

News Analysis Page 26

Gas Council plans big issue in U.S.

BY JOHN EVANS

THE BRITISH Gas Council is preparing with its international bankers to make a large issue this year in the U.S. commercial paper market.

It would be the first such operation by a UK state agency, carrying a Government guarantee, in the $75bn U.S. commercial paper market. The council is negotiating a standby facility of up to $250m in the Euromarkets, following the normal practice of providing such back-up lines to support issues of commercial paper.

A small group of British borrowers headed by ICI and British Petorleum, has tapped this short-term U.S. market in recent years. Brinoil Inc., a U.S. subsidiary of the British National Oil Corporation, has previously issued such paper, but without a UK Government guarantee.

The Government regards the Gas Council issue as a further step in developing New York as a counterweight to its reliance on the Euromarkets for public sector overseas borrowing.

Britain made its first post-war entry into the U.S. financial markets this spring, when it launched $350m of long-term UK Treasury bonds.

Details Page 27

Continued from Page 1

Japan ship prices

today's meeting said that preliminary OECD figures for September showed Japan with 330,000 gross registered tonnes (grt) compared with a combined total for Europe of 130,000 grt.

These figures have not yet been converted to the compensated tonnage basis, which reflects the manpower content of orders.

Today's meeting also discussed a French proposal to bring OECD export credit terms into line with terms applicable to other capital good exports.

There was little support for this proposition, but some delegations came out in favour of easing credit terms while continuing the special category for ships. A working party is being established to discuss the matter.

China 'keen to sign UK deals'

By Colina MacDougall

CHINA IS interested in seeing contracts for capital equipment and know-how signed with British companies as soon as possible, Mr. Wang Chen, Vice-Premier, has told Ministers during his visit to the UK.

The shopping lists includes defence equipment. Mr. Wang, who arived on Monday for a 10-day visit, has already reaffirmed his interest in the Hawker Harrier jump-jet and is due to visit British Aerospace tomorrow.

This sensitive deal seems unlikely to go ahead immediately, even though the Chinese side might like it to.

tI is clear that the Chinese leadership has completed its protracted survey of Western technology and taken the key decisions on the kind of plant it wishes to buy and from whom.

Purchases hav been under consideration for more than a year, since China first began to work on the modernisation plans it undertook after the death of Chairman Mao Tse-tung in 1976.

Chinese officials accompanying the mission have remarked that British Ministers have not turned out in the same numbers and at the same level as their French counterparts, although they say that they accept that this is merely a procol matter.

Mr. Wang indicated that British oil interests might be asked to help China develop one of its new oilfields. This became clear in discussions he had yesterday with Mr. Anthony Wedgwood Benn, Energy Secretary.

Discussing China's oil development, Mr. Wang gave the impression that Western countries might each have the opportunity to help with a particular field in much the same way that Peking seems to be organising its steel plant expansion programme.

Also discussed were the supply from Britain of associated petro-chemical plant and possibly thermo-generating equipment. It seems likely that by the end of the Vice-Premier's visit a British oil industry mission to China may be arranged to make firm proposals.

In his meeting with Mr. Edmund Dell, Trade Secretary, Mr. Wang said that he hoped British businessmen would come forward with specific proposals during his visit.

Major companies to help London small businesses

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

MAJOR COMPANIES, including Shell UK, BP, Marks and Spencer and IBM, are planning to help small businesses in inner London by setting up a London Enterprise Agency.

The project, run by the London Chamber of Commerce, will be one of the most significant developments since the Government started a campaign earlier this year to encourage large compaines to help small firms.

The precise functions of the agency have yet to be decided, but they are likely to range from the provision of spare land on which small firms can be started to the creation of a "marriage bureau" to bring together private investors and owners of small firms.

Motivated

Other methods of encouraging would-be founders of small firms are being considered. The companies involved are likely to offer financial help and managerial expertise, and access to their technical and other specialised departments.

The possibility of companies handing over unwanted product lines which might have more chance of success within a small organisation has also been discussed. Purchasing policies might be aimed at buying products from small firms—an initiative also being considered by Government departments.

Some of the companies, including Shell, are already developing ideas such as these on their own, while others, including Pilkington and ICI, are involved in local activities in the north-west and north-east.

The companies are motivated by a mixture of self-interest and a wish to show an awareness of social responsibilities. ICI and Pilkington want to broaden the industrial base of communities where they have factories, while other companies have broader image-building interests.

Mr. Harold Lever, Chancellor of the Duchy of Lancaster, who has special esponsibilites for the Government's small firms' policies, has been meeting leading industrialists to encourage them to launch initiatives. The Prime Minister has been taking a close interest, especially in relation to Government attempts to revive inner cities.

Yesterday at a London conference on inner-city problems, Mr. Guy Barnett, a junior Minister at the Environment Department, said plans similar to the London Enterprise Agency, were being considered for Liverpool, Birmingham and Salford.

Motorola deal with Thomson agreed

BY MAX WILKINSON

THE FRENCH Government's strategy towards the integrated circuit industry bore its first fruit yesterday with an agreement between the country's main electronics company, Thomson CSF, and Motorola of the U.S.

Under the agreement, Motorola will provide technical assistance for Thomson to set up integrated circuit factories which would enable it to attack the world market for standard products.

At present, France has almost no capability to mass produce semi-conductor components for general purpose computers and other standard applications. This market is dominated by U.S. companies, of which Motorola is one of the largest.

The French Government has allocated £70.5m over a period of five years to encourage the development of such capacity, and it has been strongly advocating a link with a U.S. company.

Part of the Government subsidy—probably about £12m—will be used to help set up the new Thomson plants.

Motorola yesterday issued a statement describing the technical assistance it will be providing, but it would make no comment on whether it is putting money into the operation.

However, it says that the new French products, made to Motorola designs and with Motorola technology, will be marketed in competition with products made by the parent company. The French operation will therefore provide a second source of supply for customers buying Motorola microprocessors, computer memories and other components.

Thomson has signed two agreements with Motorola covering separate branches of semi-conductor technology. One covers bi-polar types of circuit used for high-speed computer memories. The other covers Metal Oxide Semiconductor (MOS) techniques which are the newest and fastest growing section of the industry. MOS circuits have a wide range of applications, including microprocessors and high-density computer memories. Motorola's factory at East Kilbride, Scotland, makes MOS circuits. The company has said, however, that its future will not be threatened by a deal in France.

The bi-polar devices will be made by Thomson's Sescosem division. The MOS products will be produced by EFCIS, which is a 50:50 joint venture between Thomson and the Government's atomic energy agency. All Thomson's MOS circuits are now manufactured by EFCIS.

The deal between Thomson and Motorola is the latest in a series of link-ups between European electronic systems companies and U.S. semiconductor companies. The way was paved by Philips of Holland with its purchase of Signetics. More recently, Siemens of West Germany bought a minority share in Advanced Micro Devices of California and is establishing a joint venture in Germany with the company. In the UK, the General Electric Company has agreed on a joint venture with Fairchild of California to produce MOS devices in England.

A second French company, Matra, known mainly as a missile and weapon builder, is awaiting Government approval for a joint venture with Harris, the U.S. data communications company, to produce MOS devices in France. A decision is expected by the end of the year.

A third French concern, Saint-Gobain-Pont-a-Mousson, remains interested in principle in the field, and has had various contacts with U.S. companies via the French Government. However, it has no definite project yet in view.

Waste disposal plant writ

A WRIT aimed at closing Re-Chem International's Pontypool chemical waste disposal plant has been taken out in the High Court by Panteg Environmental Protection Association.

The writ alleges that pollution from the plant is causing a public nuisance. The incinerator plant was at the centre of a row earlier this year over plans to dispose of Kepone.

Architects show £100 000 work

THE BEST work of British architects will be featured in models and photographs in an exhibition at Shipley Art Gallery, Gateshead, Tyne and Wear, from December 9 to January 14.

The Royal Institute of British Architects, which is organising the exhibition, says it will be the biggest such display outside London. The exhibits have been insured for more than £100,000.

Weather

UK TODAY

EARLY fog patches, dry with sunny spells. Some rain in north.

London, S. England, E. Anglia, Midlands, Channel Islands, S. Wales, E. and N. England.

N. Wales Lakes, Isle of Man, Borders, Edinburgh, S. W. Scotland

Fog patches in South. Max. 13-15C (55-59F).

Glasgow, Highlands, Argyll, Moray Firth, N. Scotland, Scottish Islands, N. Ireland

Cloudy with rain. Some bright spells. Max. 9-11C (48-52F).

Outlook: Rain in north. Dry at first in south with rain later.

BUSINESS CENTRES

		Y'day midday °C	°F			Y'day midday °C	°F
Amsterdm.	S	10	50	Luxembg.	Fg	3	37
Athens	C	12	55	Madrid	R	12	54
Bahrain	S	27	81	Manchstr.	C	14	57
Barcelona	C	16	61	Melbourne	R	17	63
Belfast	F	10	50	Milan	C	5	41
Belgrade	C	4	39	Montreal	S	6	43
Berlin	S	6	43	Munich	C	3	37
Brmghm.	F	15	59	Newcastle	F	15	59
Bristol	F	15	59	New York	C	9	48
Brussels	S	12	54	Oslo	C	9	48
Budapest	R	4	39	Paris	S	13	55
B. Aires	R	18	64	Perth	R	17	63
Cairo	S	24	75	Prague	C	2	36
Cardiff	C	14	57	Reykjavik	C	2	36
Chicago	S	10	50	Rio de J'o	S	28	82
Cologne	S	7	45	Rome	S	16	61
Copnhagn.	C	8	46	Singapore	S	30	86
Dublin	S	12	54	Stockholm	C	8	46
Edinb'gh	F	12	54	Strasbrg.	C	4	39
Frankfurt	C	3	37	Sydney	S	25	77
Geneva	C	6	43	Tel Aviv	R	22	72
Glasgow	F	11	52	Tokyo	C	20	68
Helsinki	Fg	3	37	Toronto	S	5	41
H. Kong	S	25	77	Vienna	C	4	39
Jo'burg	S	24	75	Warsaw	F	5	41
Lisbon	F	17	63	Zurich	C	5	41
London	C	16	61				

HOLIDAY RESORTS

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	18	64	Jersey	C	14	57
Algiers	F	20	68	Las Plms.	S	25	77
Biarritz	F	20	68	Locarno	S	11	52
Blackpool	C	11	52	Majorca	F	19	66
Bordeaux	F	19	66	Malaga	C	20	68
Boulogne	C	13	55	Malta	F	18	64
Casablca.	F	21	70	Nairobi	S	23	73
Cape Tn.	S	23	73	Naples	S	16	61
Corfu	S	18	64	Nice	S	17	63
Dubrovnik	S	15	59	Nicosia	C	21	70
Florence	S	12	54	Oporto	C	16	61
Funchal	S	20	68	Rhodes	S	19	66
Gibraltar	C	19	66	Salzburg	F	4	39
Guernsey	C	14	57	Tangier	C	21	70
Innsbruck	S	11	52	Tenerife	F	19	66
Inverness	C	10	50	Tunis	F	20	68
I. of Man	F	11	52	Valencia	F	18	64
Istanbul	R	10	50	Venice	S	11	52

S—Sunny. R—Rain. Fg—Fog. F—Fair. C—Cloudy.

THE LEX COLUMN

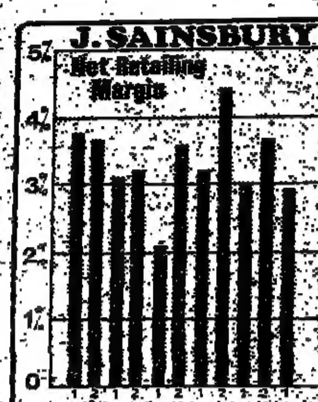
Sainsbury defends its margins

Index rose 4.9 to 474.4

A move on MLR by the authorities today may well depend on whether they are in a position to decide on their monetary strategy for the second-half of the year. There seems to be no pressing reason why they cannot delay the decision for another week at least. But if the Government has made up its mind on the second-half money targets it may already be in a position to give, through its choice of MLR, a signal to the financial markets.

J. Sainsbury

Everybody knew that Sainsbury had been pulling in the volume through its Discount 78 campaign: what was unclear, and led to a big spread of market forecasts ahead of yesterday's half-time figures, was whether margins had suffered. The answer was, hardly at all. Pre-tax profits emerged at £15.6m., up 25 per cent., and at the top of the range of expectations. The retailing net margin for the six months was 2.9 per cent., fractionally down on last time, but closely in line with the average first half level for the past five years. All the same, in order to maintain this net figure on lower gross margins Sainsbury had to increase the volume of sales through its stores by as much as 20 per cent.



According to the private Audits of Great Britain figures Sainsbury's market share was 10.8 per cent in March-September, against some 8.7 per cent for the same months in 1977. Sainsbury itself claims a more modest gain from 7.5 to 8.6 per cent of the broader grocery market. In the current half the group will be getting the benefit of around 6 per cent growth in selling space, but on the other hand the final couple of months will compare with the period when Discount 78 began (immediately pushing up volume by 15 per cent). And the group warns that competitive pressures remain intense, implying that there is little prospect of gross margins being pushed up again.

The outcome should be at least £33m pre-tax for the year, against £27.6m, for a prospective p/e of 11.6 fully taxed, and some forecasts go above £35m. Sainsbury denies that its brilliant marketing success in the cut price jungle has been at the expense of its quality image, something that it is watching closely. But this remains a fairly high risk sector.

Merchant banks

Hill Samuel's interim statement talks of first half profits "slightly less" than those of last year, which seems to fit in with the noises coming from the other leading accepting houses. This time last year they were benefiting from a bonanza in the gilt-edged market, a buoyant equity market and a fair amount of corporate finance activity.

This year, however, the gilt-edged market has been travelling steadily downhill, and rights issues have almost dried up. More important, the banks' cost of funds has risen fairly rapidly at a time when margins have been squeezed and lending volumes have been decidedly sluggish. Merchant banks' profits seem set to mark time at best this year.

In Hill Samuel's case this would not be too bad except for the fact that the bank's South African subsidiary yesterday reported a 20 per cent growth in profits and the group has had the benefit of a near £10m injection of funds from a consortium of foreign banks at the beginning of the year. Despite this Hill Samuel's attributable profits still seem to be stagnating at just under £7m—a level they first reached in 1974-75. Until the group demonstrates that it can improve on its recent dull record the shares, at 84p, are depending on a yield of just under 9 per cent for support—much in line with Hambros.

Asda Allied Retailers

Is Asda looking for a new profit growth formula? This is the question which must be asked after yesterday's new[s] that the superstore group is [in] merger discussions with Allie[d] Retailers. Coming on top [of] Asda's £5.6m acquisition [in] August of Wades Departmen[t] Stores the answer seems fair[ly] clear. Of course, a substanti[al] proportion of Asda's existin[g] business is non-food. But [the] extent to which Allied Retailer[s] could be integrated with this [is] probably limited.

The stock market is likely [to] be sceptical of such a move. [It] is hard to find historical [ex]amples of successful diversifica[tion] in retailing: this particul[ar] proposal looks rather like [a] miniature version of the ill-fat[ed] Boots/House of Fraser scheme. The fact is that Asda no longer sees the opportunity in its o[wn] business to invest the cash [be]ing generated, and is unable [to dis]tribute it to shareholders [...] It is understandable th[at] management wants to spend [a] growing cash surplus—current[ly] around £25m—but it will be [a] very hard investment decision [to] get right.

Spice is added, however, [by] the possibility that Asda [may] use the opportunity of a [take]over such as this to raise [its] dividend through some comp[...] scheme. If it chooses a [...] holding company device to [...] freedom for two years the [...] will only further increase [the] pressure on the Treasury [to] blow the whistle.

Gas paper

Although U.S. commerc[ial] paper is a short term [instru]ment with a maximum term [of] 270 days the possibility [that] British Gas will shortly issue [up] to dollars 250m of such paper [is] consistent with the Bri[tish] Government's efforts [to] lengthen the schedule of rep[ay]ments of Britain's foreign de[bt].

As with recent mass[ive] French borrowing in this m[ar]ket British Gas will back up [the] issue, and subsequent re-issu[es] of commercial paper, wi[th a] syndicated credit facility w[hich] will run for up to 10 years. [...] this belt and braces appro[ach] short term borrowing effectiv[ely] becomes long term debt.

British reserves then [...] acquire the dollars with w[hich] someone else's dollar debt c[an] be paid off early. British [Gas] gets cheaper money and with[out] currency risk. The Treasury [will] almost certainly shoulder [the] latter for a fee which will [...] leave British Gas with [an] interest rate advantage.